Possible Topics on Midterm Exam:

1. Optimum Choice: $MRS_{x,y} = \frac{MU_x}{MU_y} = \frac{P_x}{P_y} = Price\ Ratio$
    a. Slope of BL = (-) Price Ration
    b. Slope of IC = (-) MRS
2. Corner Solution: $\frac{MU_x}{MU_y} \neq \frac{P_x}{P_y}$
3. Derivation of Demand Curve – graphically and mathematically.
4. Budget line:
    a. Voucher
    b. Cash Subsidy
    c. Quantity Discount
    d. Tax Reduction
5. Decomposition of Price Effect: Slutsky Approach
6. Intertemporal Consumption: Borrower and Lender
    a. Interest Rate
    b. Inflation - Real Interest Rate.
        i. When the problem asks about the higher inflation, it just refers to the lower of real interest rate.
7. Preferences Toward Risk:
    a. Risk Averse
    b. Risk Neutral
    c. Risk Lover
8. Risk Premium
    a. Risk Premium
    b. Demand for Insurance
9. Production and Costs
    a. Returns to Scales (Cobb-Douglas Production function)
    b. …

Note**: This is just to help you to scope down what you have to at least include in your study for midterm; it does not mean that other topics will not be on the exam. So you should basically understand these topics.