Intermediate Microeconomics (full and part-time)  
Test Two  
Time and Date: 20:00 and 16-04-2015  
Total Marks: 35 marks  
Examiner: Pinehas Nangula  

Question One [6 marks]  
Use appropriate examples (diagrams) to explain three properties of consumer preference.  

Question Two [20 marks]  
Lisa’s budget constraint is \( P_b B + P_z Z = Y \)  
Use the information above to answer the following questions,  

a) How many burritos can Lisa buy? [2 marks]  
b) If the \( P_z = N\$2, P_b = N\$4 \) and \( Y = N\$100 \), comments on the relationship between the quantity of burritos and pizza. [2 marks]  
c) Use the answer in part b) to calculate the quantity of burritos in the table below [2 marks]  

<table>
<thead>
<tr>
<th>Bundle</th>
<th>Burritos</th>
<th>Pizza</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

d) Given the price of pizza of \( N\$2 \); the price of burritos of \( N\$4 \) and income, \( Y = N\$100 \), construct the opportunity set for Lisa and calculate the slope of the budget line. [6 marks]  
e) Show the effect of an increase in the price of pizza from \( N\$2 \) to \( N\$4 \) on Lisa opportunity set. [3 marks]  
f) Show the effect of a decrease in the price of burritos from \( N\$4 \) to \( N\$2 \) on Lisa opportunity set. [3 marks]  
g) What is the net effect of these changes in part e) and f) on Lisa opportunity set? [2 marks]  

Question Three [9 marks]  
With the help of diagrams, explain three impossible indifference curves  

All the best!!!!!