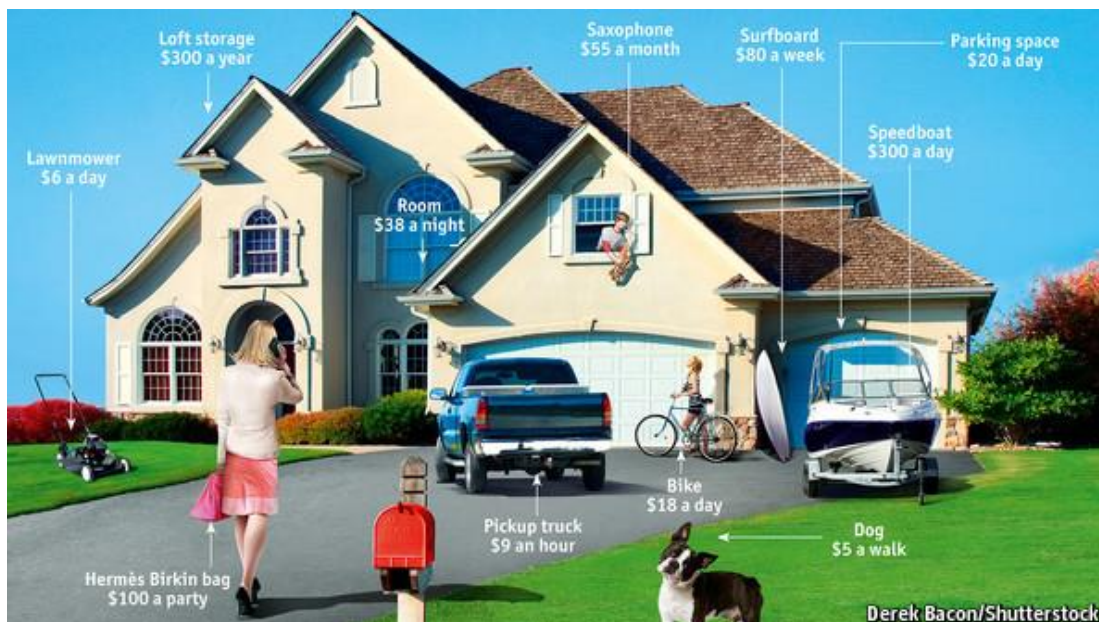




English I
Época de Recurso
2015-2016
2 February 2016
Time allowed: 2 hours

A. Writing (13.5 points)

Consider the information in the following image. What economic system does it represent? Describe and explain the system. (250-300 words)



Your text will be marked on content; discourse management and genre; range and appropriacy of vocabulary and structures; and grammatical accuracy.

B. Reading Comprehension (4.55 points)

Read the text, then answer the questions that follow.

The oil market

\$20 is the new \$40

Why the oil price has plunged

1. SINCE the new year, the price of oil has surprised even the most bearish punters, plunging by 18%. On January 12th West Texas Intermediate (WTI), America's benchmark, briefly dipped below \$30 a barrel, **its** lowest level since 2003. The next day **an incipient rally** was undone by the news that American stocks of crude oil and petroleum products had reached 1.3 billion barrels, a new record. Firms are hunkering down. BP this week announced hefty job cuts; Petrobras, Brazil's state-controlled oil firm, slashed planned investment.

Some blame factors other than supply and demand for turning increasingly bearish. For instance, Standard Chartered, a bank, said oil might need to fall as low as
10. \$10 a barrel before speculators concede that "matters had gone too far". But it's mostly guesswork. Such is the level of uncertainty that American derivatives contracts tied to deliveries in April imply an oil price of anything from \$25 to \$56 a barrel, according to official number-crunchers.

Neil Atkinson of the International Energy Agency (IEA), a forecasting outfit,
15. finds lots in the physical oil market to be bearish about—particularly regarding consumption, which was one of the few factors supporting prices last year. The sell-off in oil in the past fortnight has occurred concurrently with a slide in the Chinese stockmarket and the yuan, which some investors think reflects weakness in China's economy and hence in demand for oil. Though Mr Atkinson acknowledges **that**
20. **possibility**, he thinks this risk is overplayed: figures on January 13th showed China imported a record 6.7m barrels a day (b/d) of oil in 2015.

The trouble, though, is that apart from India and a wobbly China, demand is not looking promising anywhere this year. Europe is unlikely to see a repeat of its relatively strong oil-demand growth in 2015. Although America's economy continues
25. to grow, tightening fuel-efficiency standards cap the upside. Drivers in the Middle East, where fuel use rose last year, are more likely to keep their cars off the road after **their** governments raised petrol prices or eliminated fuel subsidies altogether to shore up public finances. "There are now considerable uncertainties about oil-demand growth globally," Mr Atkinson says.
30. Adding to the gloom, producers are not turning off the taps as fast as people expected. The latest rout stems from an OPEC meeting in early December in which the producers' cartel abandoned output quotas. Saudi Arabia, which used to curb output to rescue prices, now refuses to play **that role**, and instead is bent on driving high-cost producers out of business. Saudi officials privately say that they expect the
35. price of oil to rebound late this year or early in 2017 as global output begins to lag behind demand. The natural decline as fields are depleted saps production by at least 5% a year, they argue, even before accounting for the effects of reductions in new drilling by embattled oil firms.

Jan 16 2016 *The Economist*

Name: Number:

B. Reading comprehension (cont.)

Choose **one** answer to each question and write the letter clearly in the box. [e.g. *b*]
(0.35 points each)

1. The main purpose of the article is
a. to explain the energy policies of oil producing countries.
b. to argue that the price of oil will continue to decline.
c. to report the current situation of the oil market.
d. to describe the state of oil reserves.
2. According to the article, what has happened to the price of oil in 2016?
a. It has dropped slightly.
b. It has dropped significantly.
c. It has fallen steadily.
d. It has dipped.
3. On 13 January the price of WTI
a. rose then fell.
b. dipped briefly.
c. levelled off after a decrease.
d. None of the alternatives is correct.
4. What situation best describes the oil market in 2016?
a. Oil prices are fluctuating rather wildly.
b. There has been a downturn in the oil market.
c. There has been an upturn in the oil market.
d. Oil prices have stabilized after falling.
5. In January 2016, American oil reserves
a. were stable.
b. had never been lower.
c. had never been higher.
d. None of the alternatives is correct.
6. Why is oil consumption generally expected to decline in 2016?
a. All of the other answers are correct.
b. In the U.S. and Europe environmental policies will curtail demand.
c. In the Middle East petrol is no longer as cheap as it was.
d. There has been a downturn in the Chinese economy.
7. Which statement is false?
a. In 2015 China imported more oil than it ever had before.
b. There is currently a glut of oil on the market.
c. OPEC has lifted restrictions on production.
d. In the U.S. economic growth is fostering the demand for oil.
8. What is the goal of Saudi Arabia's current energy policy?
a. They aim to control oil prices by decreasing or increasing production.
b. They aim to eliminate some of the competition.
c. They aim to align domestic fuel prices with global fuel prices.
d. All of the alternatives are correct.

B. Reading comprehension (cont.)

Reference, substitution and ellipsis

What do the following items (highlighted in the text) refer to? I.e. what is their specific meaning in this particular text? (0.35 points each)

9. its (line 3)
10. an incipient rally (line 4)
11. that possibility (lines 19, 20)
12. their (line 27)
13. that role (line 33)

C. Vocabulary (1.95 points)

Complete each sentence with an expression similar in meaning to the explanation in brackets. The first letter of the keyword is given to help you. All letters are in lower case. You might need to add a preposition and you will need to conjugate verbs. (0.39 points each)

1. For the first time in five years, Nike has overtaken Adidas as sportswear **m..... l.....** (firm that dominates its competitors by having the largest percentage of total sales revenue of a *market*)
2. One rationale for **s.....** fossil fuels is to help lift poorer members of society out of energy poverty. (paying part of the cost of producing (something) to keep the selling price low)
3. Although Argentinians are suffering terribly from economic turmoil and a once-proud country is reverting to a **b..... e.....**, Argentina's problems have not spread to the rest of the continent so far. (a system of exchange where goods or services are directly exchanged for other goods or services without using a medium of exchange, such as money)
4. The Federal Reserve raised **i..... r.....** on Wednesday, ending an extraordinary period of government intervention in the financial markets. (the amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets)
5. Prices in Glasgow have not been falling, but they definitely **l.....** and the market is slowing down. (have stopped increasing or decreasing)

Answers

A. **Writing** (13.5 points)

A good answer will identify the economic system as collaborative consumption and link the examples in the image to particular characteristics of the system. Possible content includes, but is not restricted to:

- **Collaborative consumption** grew significantly during the recession of 2008 as people lost their jobs, but it was in existence before then. **It can be defined as an economic system that uses old-fashioned mechanisms such as bartering, swapping, trading, renting, or lending but in a way that has been reinvented through the use of modern technology.** It contrasts with the hyperconsumption of the 20th century, where ownership was valued. Instead it values use of a product or experience over ownership. There are three systems by which collaborative consumption works: **product service systems; collaborative lifestyles; and redistribution markets.**
- **In product service systems** people **pay for the use of a product** rather than buy it. For example they may **rent** a lawnmower for a day instead of buying one. This enables someone with a lawnmower to **make money off an existing asset** that is otherwise lying idle. Businesses can be built around product service systems. For example, the Hermes Birkin bag may have been rented from a company such as **Girlmeetsdress.com**, which rents out designer dresses and accessories to someone who only needs them for a short time or one special occasion.
- **In collaborative lifestyles** non-product services are rented out. For example, a house-owner might choose to rent out spare room through **Airbnb**, or even the parking space in front of the house. Dog owners can rent out their dog to people who would like to take a dog for a walk, but do not want to own one themselves. Companies such as **borrowmydoggy.com** have evolved to match people wanting such services with those who can offer them.
- **In redistribution markets** unused assets are sold through websites such as **e-bay** or **OLX**. This market can be global, and, similar to the other systems, relies on the internet to enable buyers and sellers to meet.
- Collaborative consumption has been criticized as an economic model because it does not encourage production, but only runs down existing assets. Furthermore, it has been argued that it encourages a society of shabby generalists, rather than specialists.

The answer will use appropriate structures and vocabulary to explain the system. The paragraph(s) will be well structured and information flow will be clear, with few grammatical errors.

B. Reading comprehension (0.35 points each)

1. C
2. B
3. A
4. B
5. C
6. A
7. D
8. B
9. WTI (reference)
10. an incipient rally of WTI (ellipsis)
11. that China's economy is weak and it will lower their demand for oil (reference)
12. drivers in the Middle East (reference)
13. the role of curbing output to rescue prices, i.e. keep prices high (reference)

C. Vocabulary (0.39 points each)

1. market leader;
2. subsidising;
3. barter economy;
4. interest rates;
5. have levelled off.