

**A Study on the Early-Warning and Monitoring Mechanism for Necessities**

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**Abstract**

This article chooses several important necessities as the target and collects their output prices and input costs to examine whether or not output prices respond faster to cost increases than they do to decreases. This may in turn help the Taiwan Fair Trade Commission to implement the early-warning and monitoring mechanism of necessities. In our opinion, this kind of early-warning mechanism can not only monitor market price fluctuations, but can also provide some evidence for the Taiwan Fair Trade Commission to deal with anti-competitive and price gouging cases.

**Keywords:** Price Asymmetry, Necessities, Error Correction Model, Early-Warning and Monitoring Mechanism, Market Competition.

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