



2ndSEM.2012/2013

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**UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER**

**PROGRAMME: B.Sc III in Agricultural Economics and Agribusiness
Management**

COURSE CODE: AEM 307

TITLE OF PAPER: INTERMEDIATE MACROECONOMICS

TIME ALLOWED: TWO (2) HOURS

**INSTRUCTION: 1. ANSWER ALL FOUR QUESTIONS
2. EACH QUESTION CARRIES TWENTY (25) MARKS**

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THE CHIEF INVIGILATOR**

Question 1

- (a) Explain the economic distinction between real and nominal GDP. **12 MARKS**
- (b) Explain how investment as a component of GDP is funded. **7 MARKS**
- (c) Provide a brief explanation of how firms and households interact within the context of the circular flow model? **6 MARKS**

Question 2

- (a) Do you believe that unemployment is present even when the economy is at full employment? Explain. **9 MARKS**
- (b) Discuss the various sources of biasedness in the CPI. **16 MARKS**

Question 3

- (a) Briefly discuss the factors that determine the demand and supply of loanable funds and what makes them change. **13 MARKS**
- (b) Discuss based on economic reasons the functions that are provided by depository institutions. **12 MARKS**

Question 4

- (a) Define labor productivity and discuss the relationship between labor productivity, human capital growth, physical capital and technology change. **10 MARKS**
- (b) Briefly discuss the factors that influence demand and supply in the foreign exchange market. **15 MARKS**