



2nd SEM. 2016/2017

page 1 of 2

UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

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

COURSE CODE: AEM 204 / 307

TITLE OF PAPER: INTERMEDIATE MACROECONOMICS

TIME ALLOWED: TWO (2) HOURS

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

DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY THE CHIEF INVIGILATOR

QUESTION ONE

- (a) Draw a well labeled diagram to illustrate the circular flow of expenditure and income and briefly explain why the value of production equals total income equals total expenditure. [18 MARKS]
- (b) Explain the main sources of bias in the Consumer Price Index. [7 MARKS]

QUESTION TWO

Write short notes on

- i. Phillip's curve [10 MARKS]
ii. Real versus Nominal GDP [8 MARKS]
iii. Bond Markets [7 MARKS]

QUESTION THREE

- (a) List the tools that the Central Bank of Swaziland (CBS) can use to control the quantity of money and briefly explain how each tool works. [15 MARKS]
- (b) Briefly explain the economic functions of financial institutions [10 MARKS]

QUESTION FOUR

- (a) Briefly discuss the government expenditure multiplier. [7 MARKS]
- (b) Discuss the sources that can start demand pull inflation and cost push inflation [18 MARKS]