



SUPP. 2018/2019

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UNIVERSITY OF ESWATINI

RESIT/ SUPPLEMENTARY EXAMINATION PAPER

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

COURSE CODE: AEM204

TITLE OF PAPER: INTERMEDIATE MACROECONOMICS

TIME ALLOWED: TWO (2) HOURS

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

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QUESTION ONE

- (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 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) Distinguish the three types of unemployment and explain how they change over the business cycle? **[7 MARKS]**
- (b) Discuss how government budget deficit and surplus are financed in an open economy. **[18 MARKS]**

QUESTION FOUR

- (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]**