



**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **DBM1303 MACROECONOMICS**  
Semester & Year : January - April 2016  
Lecturer/Examiner : Ms. Tey Sheik Kyin  
Duration : 2 Hours

**INSTRUCTIONS TO CANDIDATES**

1. **This question paper consists of 2 parts:**  
**PART A (30 marks) : FIFTEEN (15) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.**  
**PART B (70 marks) : Answer ALL FOUR (4) structure-type questions. Answers are to be written in the Answer Booklet provided.**
2. **Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.**
3. **This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.**
4. **Only ballpoint pens are allowed to be used in answering the questions, with the exception of objective questions, where 2B pencils are to be used.**

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**Total Number of pages = 8 (Including the cover page)**

**PART B : STRUCTURE-TYPE QUESTIONS (70 MARKS)**

**INSTRUCTION(S) : FOUR (4) structure-type questions. Answer ALL questions in the Answer Booklet(s) provided.**

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**Question 1**

a. You are given the following information about an economy for the year 2013:

	<b>RM (billion)</b>
Personal consumption	10729
Business fixed investment	1480
Export	2094
Net factor payments from abroad	252
Consumption of fixed capital	1937
Residential investment	339
Imports	2662
Taxes	1036
Government purchases of goods and services	3060
Government transfer payment	295
Inventory Investment	37
Interest payments on the government's debt	98

Calculate the following terms:

- i. Gross Domestic Product (GDP) (5 marks)
  - ii. Gross National Product (GNP) (4 marks)
  - iii. Real Gross Domestic Product if GDP deflator for year 2014 is 125 (3 marks)
  - iv. Private disposable income (4 marks)
- b. Based on the information given below, calculate the rate of inflation for the year 2014.

Year	Consumer Price Index (CPI)
2013	125
2014	130

(4 marks)  
**[Total: 20 marks]**

## Question 2

- a. Using demand and Supply model of labor market, explains the effects on real wage and full employment level of employment in each of the following cases
- i. An increase in expected future real wage (5 marks)
  - ii. A decrease in productivity (5 marks)
- b. Briefly explain any **TWO (2)** factors can shift the saving curve. (6 marks)
- [Total: 16 marks]**

## Question 3

- a. Briefly explain any **THREE (3)** characteristics of assets matter for portfolio allocation decision. (12 marks)
- b. Using appropriate diagram, briefly explain any **TWO (2)** phases of business cycle. (8 marks)
- [Total: 20 marks]**

#### Question 4

Following is the consolidated balance sheet for the commercial banking system. Assume the required reserve ratio is 20 percent.

<b>Assets (RM million)</b>		<b>Liabilities (RM million)</b>	
Reserves	100	Deposits	300
Loans	100		

- What is the amount of excess reserves in this commercial banking system?  
(2 marks)
- What is the maximum amount that the money supply can expand?  
(4 marks)
- If the reserve ratio fell to 20 percent, what is now the maximum amount that the money supply can be expanded?  
(4 marks)
- Briefly explain how government used open market operation to control money supply.  
(4 marks)

**[Total: 14 marks]**

**END OF QUESTION PAPER**