FACULTY	AGRICULTURE, ENGINEERING AND NATURAL RESOURCES		
SCHOOL	AGRICULTURE AND FISHERIES SCIENCE		
DEPARTMENT	ANIMAL PRODUCTION, AGRIBUSINESS & ECONOMICS		
SUBJECT	INTERMEDIATE MACROECONOMICS		
SUBJECT CODE	AEI 3682		
DATE	NOVEMBER 2023		
DURATION	3 HOURS	MARKS	100

SECOND OPPORTUNITY EXAMINATION

Examiner: Ms. C.D. Kandjii

Moderator (Internal): Dr. S. Kalundu

Moderator (External): Dr. T. Moyo

This question paper consists of two (2) pages including the front page

Instructions

- Answer all questions
- All questions carry equal marks (25 marks each)
- Please write legibly and number your questions clearly
- Show your calculations to tow decimal places

UNIVERSITY OF NAMIBIA EXAMINATIONS

Question 1 **[25]**

Assume the Country X adult population by group, 2022 is:

Number employed	144.4 million
Number unemployed	7.0 million
Adult population	228.8 million

Using the table provided calculate and explain the following.

a) Country X labour force [6]
b) Number of people not part of the labour force [6]
c) Labor force participation rate [6]
d) Unemployment rate [7]

Question 2 **[25]**

Consider the following IS-LM model and answer the following questions:

$$C = 200 + 0.25Y_D$$

$$I = 250 + 0.3Y - 250i$$

$$G = 100;\ T = 100$$

$$\frac{M_d}{P} = Y - 500i$$

$$M_s = 1000; P = 4$$

a) Derive IS relation [5]
b) Derive LM relation [5]
c) What are the short-run equilibrium values of $Y, i\ and\ C$? [5]
d) Assume government spending (G) increases by 75 (to 175). Using the appropriate fiscal policy multiplier (FPM) calculate the new equilibrium output (Y) IN short-run. [5]
e) Assume that money supply (Ms) increases by 20 (to 1020). Calculate the new equilibrium economic output (Y) and interest rate (i). [5]

Question 3 **[25]**

a) Explain the concept of hyperinflation. In your explanation include its causes. [15]
b) Briefly explain the impact of expansionary fiscal policy at home on the real exchange rate. [10]

Question 4 **[25]**

a) Clearly explain the following equation: $M\ x\ V\ =\ P\ x\ T$ [15]
b) Write short notes about the following macroeconomic variable: [10]
   - Real and Nominal interest rate
   - Exchange rate
   - Unemployment rate

GOOD LUCK!!