

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2025 SEMESTER

COURSE CODE : EGB10503
COURSE TITLE : INTERMEDIATE MACROECONOMICS
PROGRAMME NAME : BACHELOR OF SCIENCE (HONS) IN ANALYTICAL ECONOMICS
DATE : 30 JANUARY 2026
TIME : 9:00AM - 12:00PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consist of ONE sections.
4. Section A consist of five questions. Answer FOUR (4) questions only.
5. Please write your answer on the answer booklet provided.
6. Please answer all questions in English only.
7. Refer to the attached Formula/ Appendies. Tick if applicable

THERE ARE 5 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

Question 1

Evaluate the shape of aggregate supply curve using the Keynesian approach under the wage flexibility assumption.

(25 marks)

Question 2

Evaluate the shape of aggregate supply curve under the Classical approach.

(25 marks)

Question 3

Using appropriate diagram(s) within the Classical economics framework, examine the effects of an increase in marginal tax rate towards the aggregate equilibrium of output.

(25 marks)

Question 4

- (a) Suppose the Prime Minister of Malaysia announces that a special spending for flood mitigation measures will be allocated. Apart from this, the government also announces that the spending will be financed by an increased tax collection by the same amount of the special spending.

Aided by providing appropriate illustration of diagrams, evaluate this policy through the aggregate income approach, i.e., $E = C + I + G$.

(15 marks)

- (b) How does the interest rate mechanism work under the Classical approach? Discuss your answer along with an appropriate illustration.

(10 marks)

Question 5

The figure below depicts the IS-LM schedule that shows the relationship between the market interest rate and the national income level for a particular country. The following questions rely on this figure:

Refer Below - Figure 1 : .

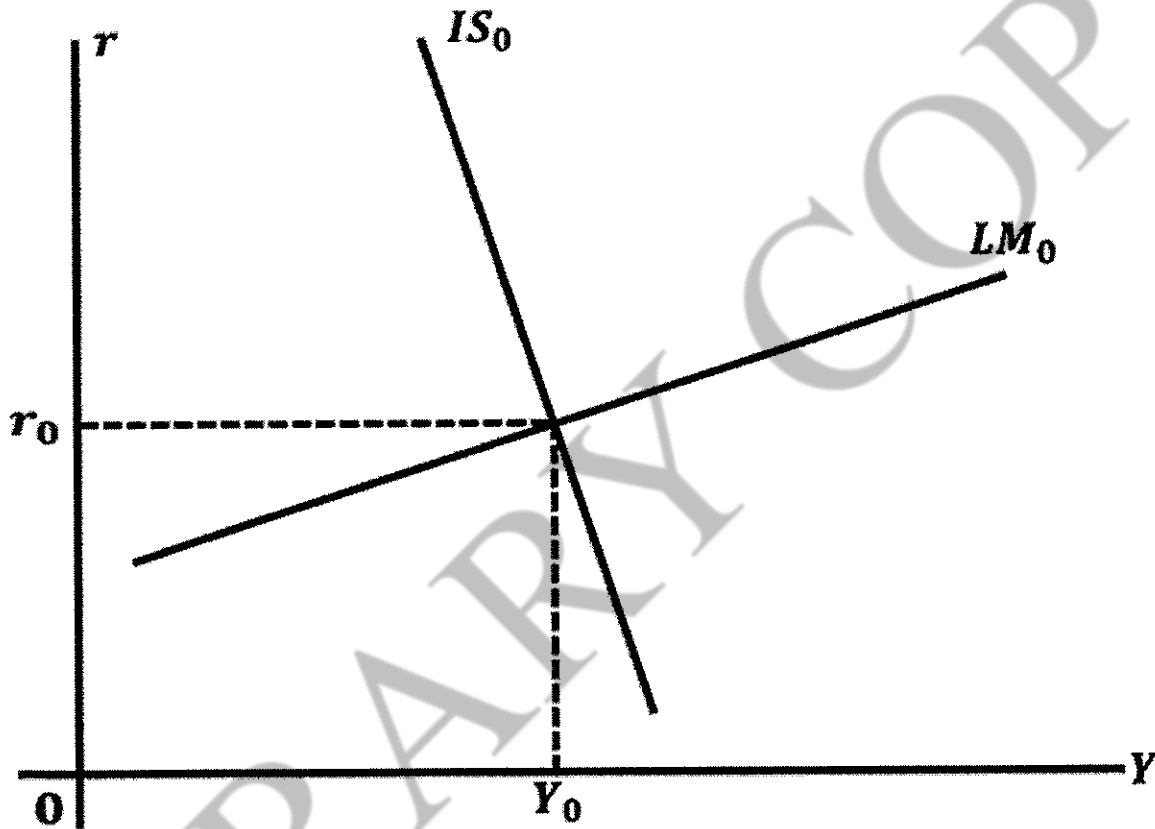


Figure 1:

(a) By paying attention to the slope of both curves, analyse this schedule with appropriate illustrations under which:

i. on how IS_0 curve is derived.

(7 marks)

ii. on how LM_0 curve is derived.

(7 marks)

- (b) Suppose that the country is undergoing a moderately persistent inflation, evaluate the effects of both **fiscal** and **monetary** policies for this country with appropriate illustrations.

(11 marks)

END OF EXAMINATION PAPER

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