



UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2025 SEMESTER

COURSE CODE : EGB20303
COURSE TITLE : INTERNATIONAL ECONOMICS
PROGRAMME NAME : BACHELOR OF SCIENCE (HONS) IN ANALYTICAL ECONOMICS
DATE : 25 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 TWO sections.
4. Answer ALL questions for Section A.
5. Section B consist of four questions. Answer THREE (3) questions only.
6. Please write your answer on the answer booklet provided.
7. Please answer all questions in English only.
8. Please answer MCQ/EMQ questions using OMR sheet. *Tick if applicable*
9. Refer to the attached Formula/ Appendies. *Tick if applicable*

THERE ARE 5 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 40 marks)

Answer ALL questions.

Please use the answer booklet provided.

Question 1

Use the following data (values in RM billion):

Item	Value
Private consumption	2,300
Government consumption	600
Gross private investment	850
Government investment	150
Exports of goods & services	900
Imports of goods & services	1,100
Net factor income from abroad	-40
Net transfers	-20
Depreciation	180

- (a) Compute the Gross Domestic Product (GDP). In your answer, clearly state the formula used and show all calculation steps. (4 marks)
- (b) Compute the Gross National Product (GNP). In your answer, clearly state the formula used and show all calculation steps. (3 marks)
- (c) Compute the Net National Product (NNP). In your answer, clearly state the formula used and show all calculation steps. (2 marks)

- (d) Compute the National Savings . In your answer, clearly state the formula used and show all calculation steps. (4 marks)
- (e) Determine the Current Account (CA) balance. Present the formula clearly and show each step of your calculation. (4 marks)
- (f) State whether the Current Account position reflects a surplus or a deficit, and explain your answer with reasoning. (3 marks)

Question 2

Answer all questions related to Exchange Rates and Foreign Exchange Market

- (a) State and explain two main functions of the foreign exchange (forex) market. (4 marks)
- (b) Briefly describe how arbitrage helps maintain exchange rate equilibrium. (4 marks)
- (c) Differentiate between a forward contract and a futures contract. (4 marks)
- (d) Using a simple demand–supply framework, explain how exchange rate equilibrium is determined. (8 marks)

SECTION B (Total: 60 marks)

Answer THREE (3) questions only.

Please use the answer booklet provided.

Question 1

You are required to answer ALL questions.

- (a) Discuss the factors that determine exchange rates in the short run. How do these differ from long-run determinants? (10 marks)
- (b) Examine the role of the International Monetary Fund (IMF) in promoting global financial stability. Include its functions, successes, and criticisms. (10 marks)

Question 2

You are required to answer ALL questions.

- (a) Assume two countries, A and B, have different inflation rates. Using the concept of Purchasing Power Parity (PPP), explain how their exchange rate is expected to adjust over time. (10 marks)
- (b) Explain the Gold Standard System, discussing its main features, advantages, and disadvantages. How did it influence international trade and financial stability during its period? (10 marks)

Question 3

You are required to answer ALL questions.

- (a) Discuss the relationship between inflation, Purchasing Power Parity (PPP), and long-run exchange rate movements.

(10 marks)

- (b) Compare and contrast the Gold Standard System and the Bretton Woods System in terms of their structure, advantages, and challenges. Which system was more effective in maintaining global financial stability?

(10 marks)

Question 4

You are required to answer ALL questions.

- (a) Explain how supply and demand cause short-run movements in exchange rates, and show how this differs from the factors that determine exchange rates in the long run.

(10 marks)

- (b) Explain how international financial systems and institutions have influenced trade, investment, and economic growth globally.

(10 marks)

END OF EXAMINATION PAPER