CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EGB11003
COURSE NAME	:	PRINCIPLES OF MACROECONOMICS
PROGRAMME NAME	:	BACHELOR OF SCIENCE (HONOURS) IN ANALYTICAL ECONOMICS
DATE	:	25 JUNE 2026
TIME	:	9.00AM – 12.00PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given on this question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This examination comprises of only **ONE (1)** section.
4. You are required to answer only **FOUR (4)** questions
5. Please write your answer in the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE THREE (3) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 100 marks)

INSTRUCTION: Answer only **FOUR (4)** questions. As each question brings in 25 marks, the maximum mark for this examination is 100.

Question 1

(a) Explain the Aggregate Demand and Aggregate Supply model.

(10 marks)

(b) Briefly explain equilibrium GDP.

(5 marks)

(c) List **FIVE (5)** factors that can change equilibrium GDP.

(5 marks)

(d) Explain how inflation and business cycles are related to national output.

(5 marks)

Question 2

(a) Explain the meaning of government budget and its main components.

(10 marks)

(b) Briefly explain discretionary fiscal policy.

(5 marks)

(c) Explain automatic stabilizers with examples.

(5 marks)

(d) Explain how fiscal policy can affect the price level.

(5 marks)

Question 3

(a) Analyse **FOUR (4)** main functions of money.

(10 marks)

(b) List **FIVE (5)** measures or forms of money.

(5 marks)

(c) Briefly explain how commercial banks create money.

(5 marks)

(d) Explain the role of reserve requirement in money creation.

(5 marks)

Question 4

(a) Examine how monetary policy works to stabilise the economy.

(10 marks)

(b) Briefly explain money demand and interest rate.

(5 marks)

(c) List **FIVE (5)** tools of monetary policy.

(5 marks)

(d) Explain the role of the central bank in an economy.

(5 marks)

Question 5

(a) Analyse the gains from international trade based on comparative advantage.

(10 marks)

(b) List **FOUR (4)** arguments for protectionism.

(4 marks)

(c) Briefly explain the importance Balance of Payment (BOP) in international trade.

(6 marks)

(d) Explain how exchange rates affect international trade.

(5 marks)

END OF EXAMINATION PAPER