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**SCHOOL OF BUSINESS, ECONOMICS AND MANAGEMENT**

**2018 ACADEMIC YEAR FIRST SEMESTER**

**Course Title: Macro-Economics**

**Course Code: ECF 110**

**Lecturer: Mr Notulu**

**Mobile No: 0966 531407**

**ASSIGNMENT ONE**

**DUE DATE: 07/09/2018**

**INSTRUCTIONS:**

1. Answer all questions and late submission will attract a ***deduction of 5% of the total marks*** obtained for each working day that passes after deadline day.
2. The cover page should be printed and include your Name, Student Number, Mode of Study, Programme registered for and Course Code.
3. Show your working to earn full marks.
4. Hand written or typed.

**QUESTION ONE**

There are various methods in literature that countries use in calculating national income. Assume a simple economy that produces only two goods; maize and fish. Using 2015 as the base year.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Goods | 2015 | 2016 | 2017 | 2018 |
| Maize Quantities | 700 | 900 | 1000 | 950 |
| Fish Quantities | 500 | 1000 | 900 | 750 |
| Price of Maize | K65 | K70 | K80 | K90 |
| Price of Fish | K50 | K70 | K90 | K120 |
| Nominal GDP |  |  |  |  |
| Real GDP |  |  |  |  |

a) Fill in the missing cells in the above table. Clearly show your work.

**[8 Marks]**

b) Find the growth rate of nominal GDP for 2016, 2017 and 2018. **[3 Marks]**

c) Find the growth rate of real GDP (using 2015 K) for 2016, 2017 and 2018.

**[3 Marks]**

d) Compute inflation using GDP deflator (using 2015 K) for 2016, 2017, and 2018. **[3 Marks]**

e) What are the major differences between the GDP deflator and the CPI?  **[3 Marks]**

**[Total: 20 Marks]**

**QUESTION TWO**

Many African countries are struggling with the level of unemployment especially youth unemployment. In Zambia the government has come up with various initiatives to combat youth unemployment such as the youth fund.

1. Define and calculate the unemployment rate for Zambia given the information below: [**3 Marks]**

Number of inhabitants: 10 million

Labour-force participation: 62 %

Unemployed persons: 455'000

1. Using the information in (a) calculate the participation rate and define it.

**[3 Marks]**

1. List and briefly explain any four types of unemployment. **[4 Marks]**

**[Total: 10 Marks]**

**NB: PLEASE SUBMIT HARD COPIES OF YOUR ASSIGNMENTS NOT SOFT COPY**