

Adam Smith Business School

Subject of Economics

Degree of MSc

Degree Exam

International Finance & Money, ECON5016

Monday, 14 May 2018, 09:30-11:30

Please ensure that you write the course code (as above), your student ID, date of birth and the number of the question that you have attempted on each answer sheet.

How to complete this exam:

- Students should answer **ONE** question from Section A and **ONE** question from Section B.

Materials allowed:

- Calculators:
 - You may use Business School approved models only: Casio-FX-83GT/Casio-FX83GT+, Casio FX-85GT/Casio FX-85GT+, Sharp EL531/WH, Aurora AX-582BL, Sharp EL233SB-BK

Instructions to students:

- Both entry and exit to the examination hall will be at the absolute discretion of the invigilator.
- No candidate will be permitted to leave within the first hour or the last half hour of this exam.

0 1 2 3 4 5 6 7 8 9

A B C D E F G H I J K L M N O

P Q R S T U V W X Y Z

EXAMPLE

Examination Answer Sheet

Course Code

MG-T5192

Date of Exam

22/10/2015

Date Of Birth (dd/mm/yy)

16 / 03 / 98

Student ID No

0712345

Question Number 3

Using exam answer sheets (written exams – more than one answer)

- Always use a **black pen**.
- Complete personal information on all white sheets supplied before the exam begins.
- Use the standard character set, printed above, when hand writing in data boxes. E.g. Student ID, Date of Birth, Question Number. Keep your characters inside the boxes. Write your answer to each question on a **SEPARATE** white answer sheet, using BOTH sides if required. For this exam, the required number of white answer sheets is **2**.
- Request yellow continuation sheets to continue your answer if there is not enough space on a white sheet.
- You must return all white answer sheets to the invigilator even if you have not attempted all questions.

This page has been left blank for student notes – anything written here will not be marked.

Assignment Project Exam Help

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You must answer two questions: **ONE** from Section A and **ONE** from Section B.

Section A

You must answer **ONE** question from this section.

Please use ONE WHITE answer sheet per question. If there is not enough space on a white sheet, please raise your hand to request a YELLOW answer sheet in order to continue your answer.

1. Describe how each of the following factors might explain why PPP is a better guide for exchange rate movements in the long run versus the short run: nontraded goods and imperfect competition.

(50%)

2. Outline the Meese-Rogoff critique of empirical testing, as discussed in their article in the Journal of International Economics in 1983. In view of this critique, discuss how the empirical exchange rate models of the 1970s compare with more simple models, such as the random walk model.

(50%)

Section B

You must answer ONE question from this section. As before, please use a new WHITE answer sheet. If there is not enough space on a white sheet, please raise your hand to request a YELLOW answer sheet in order to continue your answer.

3. Discuss the benefits and costs of belonging to a monetary union. What are the implications of belonging to a monetary union for a country's response to an economic downturn?

(50%)

4. Discuss the role of government policy and of investors' expectations for the way currency crises emerge and are resolved.

(50%)

Continued Overleaf

Before your exam answers are collected:

Please ensure that you have written the course code (on the front of this exam paper), your student ID, date of birth and the number of the question that you have attempted on each answer sheet.

Put your exam answers in the order of the question number, ensuring that yellow answer sheets follow the appropriate white answer sheet.

Do not place any other exam materials, including the exam paper, beside the answer sheets.

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End of Paper