

BOWEN UNIVERSITY, IWO
(Of the Nigerian Baptist Convention)
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES
ECONOMICS PROGRAMME

First Semester 2021/2022 Academic Session

Course Title: Monetary Theory and Policies

Duration: 3 hours

Course Code: ECN 409

Date: March 2022

Instruction: Answer Question One (1) and any other three (3) questions

1a. Using relevant curves and equations, discuss the operations of the AD-AS equilibrium. (12 marks)

1b. Discuss the exogenous events that can shift (I) the AD curve to the right, (II) the AS curve to the right (8 marks)

1c. How do we address or control inflation as an economic issue? (5 marks)

2a. With a well labelled diagram, discuss monetary transmission mechanism. (7 marks)

2b. Discuss the four channels through which monetary transmission mechanism affects the demand for goods and services (8 marks)

3a Inflation offers both positive and negative effects. Discuss these effects. (5 marks)

3b. Using relevant diagram, discuss any of the three types of inflation. (10 marks)

4a. Define the term yield curve. (1 mark)

4b. Using relevant curves and theories, explain the term structure of interest rate as a monetary policy phenomenon. (14 marks)

5a. Define Taylor's rule as an economic phenomenon. (3 marks)

5b. According to Taylor's rule, there are three determinants of real short-term interest rates. Identify and discuss these determinants. (6 marks)

5c. According to Taylor's rule, prices and inflation are driven by three factors. Identify and discuss these factors. (6 marks)

6a. Define the term Macroprudential regulation. (2 marks)

6b. Compare and contrast macroprudential regulation with microprudential regulation. (5 marks)

6c. Discuss with relevant examples the impacts of Quantitative Easing as a monetary policy tool. (8 marks)