

Foundation in Business Technology Information (CFPI)  
ECO1208 Macroeconomics  
January 2020 Alternate Assessment

**Question 1**

Article:

“..... "There are a lot of issues that are bugging a lot of people, especially the cost of living, unemployment, inflation,” said Ahmad Martadha Mohamed, a professor of government at Universiti Utara Malaysia in the northern state of Kedah. "These are the issues that are currently not being given enough attention by the government.”

Many people "see that whenever they go to the market the prices of goods are going up, purchasing power is becoming less, and younger people that graduated from university couldn't find proper jobs and are complaining about being unemployed, ” he said.

...

In a survey published by Elsevier Inc in November, 82.3% of respondents said living costs are rising, with the poorest 40% -- who typically spend more of their monthly income on food compared to wealthier households -- feeling it most acutely.

The actual cost of living can vary by almost 70% depending on where a person lives, according to a World Bank report. Based on its calculations, a household in rural Sabah has to earn about 4,300 ringgit a month to reach the same standard of living that 3,000 ringgit will buy in rural Kelantan.

Homes remain unaffordable for many Malaysians, with the World Bank estimating that cumulative salaries and wages increased 59% from 2010 to 2018, while house prices surged 87%. ....”

Reference: The Star Online, 2020. *Malaysia's power struggle puts economy's outlook at risk.*

- a. According to the article above, please further elaborate and explain in detail with examples, how it influences our daily life where inflation rate and unemployment rate are keep rising in current 10 years. (300 words)  
(30 marks)
- b. Please provide your critical review what should the government do to solve this problem. (200 words)  
(20 marks)

## Question 2

OPR Decision and Statement			
Date	Change in OPR (%)	New OPR Level (%)	Monetary Policy Statement
03 Mar 2020	-0.25	2.50	<a href="#">View Statement</a>
22 Jan 2020	-0.25	2.75	<a href="#">View Statement</a>
05 Nov 2019	0	3.00	<a href="#">View Statement</a>

Figure 1: Bank Negara Malaysia OPR Decision and Statement (BNM, 2020)

Reference: Bank Negara Malaysia, 2020

- a. According to the Overnight Policy Rate (OPR) reducing since November 2019, explain in detail the policy tend to implement by our Malaysia government and critical review the current Money Supply level in the market related to above Figure 1. (200 words)  
(20 marks)
- b. Elaborate and explain in detail, how is this policy and Money Supply relate to our Malaysian spending power during current Movement Control Order (MCO). (300 words)  
(30 marks)