

**FINAL
ALTERNATIVE ASSESSMENT**

(COVER PAGE)

Session	:	April 2020
Programme	:	Diploma In Business (DIB) Diploma In Finance (DIF) Diploma In Marketing (DMKT) Diploma In Entrepreneurship (DENT)
Course	:	ECO2104/2105: Principles Of Macroeconomics
Date of Examination	:	
Time Start	:	April 5, 2020 (Wednesday) @ 10.00am
Time End	:	April 6, 2020 (Thursday) @ 10.00am
Duration	:	24 Hours
Special Instructions	:	
Answer ALL questions.		

IMPORTANT NOTE : THIS PAPER SHOULD NOT BE TAKEN OUT OF THE EXAMINATION HALL

Materials permitted	:	Non-Programmable Calculator
Materials provided	:	Nil
Examiner(s)	:	Nageswari Parmasivam, Lee Hui Ping, Kok Chin Khor, Mohd Haziq Bin Murshidi and Lee Yin Lan
Chief Moderator	:	Abdullah Sholehin Mohd Zainudin

This paper consists of 4 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
DIPLOMA IN FINANCE PROGRAMME (DIF)
DIPLOMA IN MARKETING PROGRAMME (DMKT)
DIPLOMA IN ENTREPRENEURSHIP PROGRAMME (DENT)
ECO2104 PRINCIPLES OF MACROECONOMICS
ECO2105 PRINCIPLES OF MACROECONOMICS
FINAL ALTERNATE ASSESSMENT: APRIL 2020 SESSION

Instruction: Please answer **ALL** questions; type in a Word files, with the 12-font size, Times New Roman, font type and 1.5 spacing. For each question your answer should not exceed 250 words.

Please make sure this alternate assessment is complete by you and all work must submit into Safe Assign (**ONE** time submission) and similarity index benchmark as per below table:

Plagiarism rule shall apply. The guideline for plagiarism is as follows:

- 0 – 25% of plagiarized material: no deduction of marks
- 26 – 50% of plagiarized material: 30% deduction of marks
- 51 – 80% of plagiarized material: 50% deduction of marks
- 81 and more: 0 mark awarded and student will receive a failed grade for the paper

Question 1

WHILE global markets are still reeling from the spread of the novel coronavirus (Covid-19), the collapse in the oil price was like a kick in the teeth for Malaysia and the world.

Oil prices, which crashed at the start of this week on the anticipation of a price war between Russia and the US, fell further after US President Donald Trump banned travel from Europe to the country.

As an oil producing country, Malaysia is relatively reliant on the price of oil to generate the government's revenue and trade account.

Hence, it is no surprise that Malaysian stocks were among the biggest losers in this week's global market rout.

"Given the importance of oil-related income to the government's overall revenue, a sharp decline in crude oil prices will also mean reduced resources to spend on development activities at a time when domestic demand needs support.

"Depending on how long crude oil prices remain below their historical trend and the severity of the Covid-19 outbreak, the final growth outcome in 2020 could be anywhere within or even outside the range that economists are currently projecting," MARC says in a report.

With the Covid-19 pandemic spreading, the country would need the government's stimulus support to its growth.

Reference: *The Star Online, 2020. Oil market mayhem adds fears to economic growth*

(a) Using the article as above, describe how the collapse of oil price will affect economic performance as a whole. Your explanation should include examples from economic perspective.

(25 marks)

(b) Critically review and suggest on how government impose fiscal policy in order to solve the problem as mentioned in the article above.

(25 marks)

(Total: 50 marks)

Question 2

If not nipped in the bud, the country could be seeing an all-time high unemployment figure, higher than both the 1998 Asian financial crisis and the 2009 global financial crisis combined.

The Malaysian Employers Federation (MEF) estimated that unemployment could reach up to two million this year, or a staggering unemployment rate of 13%.

This is also significantly higher than Bank Negara's expectation for the rate to rise to 4% or 629,000 people.

MEF was not the only one that felt the number of people who would be jobless in Malaysia could hit the million mark as the Covid-19 pandemic continued its onslaught on economies globally.

Latest data from the Statistics Department showed that as at February, unemployment stood at 3.3% or 525,500 people.

Shamsuddin said that as far as employment is concerned, no employers were hiring right now and most were considering undertaking retrenchment exercises instead.

Among other likely cost-cutting measures to preserve employment were to freeze headcounts, instituting unpaid leave, removal of some non-contractual allowances and benefits, forced annual leave, reduction of work days and hours, and reduction in some benefits agreed in the collective agreement for unionized companies.

Reference: *The Star Online, 2020. Unemployment could hit 13%*

- (a) Using the article as above, describe how an increase in unemployment rate will affect consumer's daily life. Your explanation should include examples from economic perspective. (25 marks)
- (b) Briefly explain on the cost-cutting measures in order to preserve the employment rate in the the country. (25 marks)

≈ The End ≈

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