



*"Investing in Africa's Future"*

**COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND  
GOVERNANCE**

**MEC 405: MONETARY ECONOMICS EXAM**

**END OF SECOND SEMESTER EXAMINATIONS**

**APRIL/MAY 2018**

**LECTURER: G Mandewo**

**DURATION: (3 HRS)**

**INSTRUCTIONS**

Choose and answer **ANY FOUR (4)** questions in this Question paper and each question consist of 25 marks.

\_\_\_\_\_  
Total possible mark is 100

\_\_\_\_\_  
Start each question on a new page in your answer Booklet. Credit will be awarded for logical, systematic and neat presentations

\_\_\_\_\_  
There is a total of six (6) questions, and 6 pages (including this cover sheet). Marks for each question are in parenthesis.

\_\_\_\_\_  
Use of non-programmable calculator is permitted

\_\_\_\_\_  
Best wishes!!

\_\_\_\_\_  
**DO NOT TURN THE PAGE UNTIL YOU ARE TOLD TO BEGIN  
THE EXAM**





(b) Stating your assumptions clearly, develop the money multiplier and explain the determinants of money supply. [10]

What is the effect of a decrease in the reserve ratio on the money base?