IQM4009

LEVEL 4 · CONTROLLED ASSESSMENT

INTO QUALIFICATIONS

Macroeconomics and Global Financial Systems

Sample final written examination: macroeconomics and global financial systems

Candidate question paper

Duration
120 minutes

Total marks
50

Assessment window
Sample assessment

Assessment set
Set S of 2026

Response instruction
Follow the response instructions shown for each section.

Release timing
exam release

Paper
IQM4009 A2

Assessment set ID
2026-S

INTO QUALIFICATIONS LEARNER ID

DELIVERY CENTRE ID (OPTIONAL)

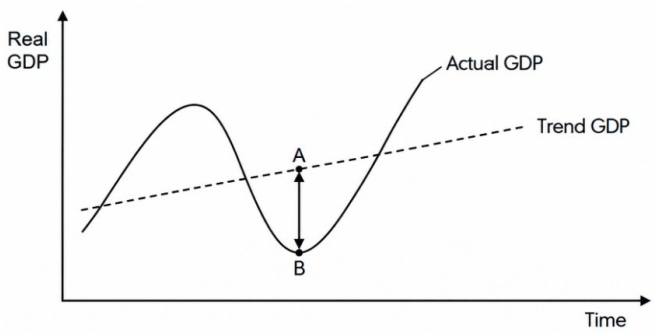
EXAM DATE
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ASSESSMENT SET
Set S of 2026

Do not open this paper until instructed. Follow the response instructions in this paper.

FOR MARKER USE ONLY

Marker initials	**Mark / 50**



About this sample assessment

This is a 120-minute, 50-mark closed-book examination. Answer every question. Section A has 10 multiple-choice questions worth 1 mark each; Section B has two short-answer questions worth 10 marks each; Section C has one four-part data-response question worth 20 marks.

Instructions to candidates

Permitted materials: No candidate-provided materials are permitted; all data and stimulus material are supplied in this paper. Permitted calculator: a non-programmable, non-graphing scientific calculator. Calculators with computer algebra system (CAS), text, image or document storage, or internet capability are not permitted. Phones, tablets and smart watches are not permitted.

Assessment framework. This examination contributes 70% of the module and assesses LO1, LO2 and LO4, with elements of LO3, and AO1–AO4. GenAI use is Level 1 controlled assessment; no AI is permitted at any stage.

Section A Mcqs

1

Which is an injection into the circular flow?

- A: Saving
- B: Taxation
- C: Investment
- D: Imports

2

Nominal GDP rises 6% and the GDP deflator rises 2%. Approximate real GDP growth is:

- A: 2%
- B: 4%
- C: 6%
- D: 8%

3

Unemployment caused by a lasting mismatch between worker skills and vacancies is:

- A: seasonal
- B: frictional
- C: structural
- D: cyclical

4

Which is most likely to raise long-run productive capacity?

- A: higher labour productivity
- B: a one-off transfer payment
- C: higher imports alone
- D: a temporary fall in consumption

5

Real GDP per capita may rise without equal gains in all households because:

- A: income distribution can change
- B: GDP excludes all production
- C: nominal GDP is real GDP
- D: the population is fixed

6

Expansionary fiscal policy could involve:

- A: higher tax and lower spending
- B: lower tax and higher spending
- C: higher interest rate
- D: lower money supply

7

A central bank commonly has responsibility for:

- A: financial stability
- B: retail company profits
- C: setting every wage
- D: all government spending

8

A country seeking temporary balance-of-payments support is most associated with which institution?

- A: IMF
- B: WTO
- C: OECD
- D: ILO

9

A £80 import faces a 10% tariff fully passed through. New price:

- A: £82
- B: £88
- C: £90
- D: £100

10

An actual output level below sustainable potential output indicates:

- A: positive output gap
- B: negative output gap
- C: full employment by definition
- D: hyperinflation

Section B

11 [10 marks]

In the fictional economy of Lydon, business surveys report weaker expectations and firms cancel some planned machinery purchases. Explain the transmission from this change to output and employment in the short run, and assess one reason the final effect may be limited. Use a labelled AD/AS diagram or a precise verbal equivalent.

12 [10 marks]

A country's currency appreciates. Analyse likely effects on exports and imports, including conditions affecting the size of the trade-balance change.

Section C Data response [20 marks]

Question 13. Lydora is experiencing imported energy inflation. Its central bank has raised the policy interest rate. The figures below are fictional and describe two points in time; they do not, by themselves, establish what caused the changes.

Indicator	Year 1	Year 3
CPI inflation rate	2.0%	6.0%
Real GDP growth	2.8%	0.8%
Unemployment rate	4.0%	5.2%
Policy interest rate	1.0%	4.0%

Section C Data1 [2 marks]

Calculate the proportional percentage increase in the CPI inflation rate from Year 1 to Year 3. Also state the change in percentage points. Show your method.

Section C Data2 [3 marks]

Using a labelled AD/AS diagram or a precise verbal equivalent, explain how higher imported energy costs may affect Lydora’s price level and real output in the short run.

Section C Data3 [6 marks]

Distinguish cost-push inflation from demand-pull inflation. Use the Lydora energy-cost shock and one relevant demand-side example to explain their different effects through SRAS or AD.

Section C Data4 [9 marks]

Assess how the higher policy interest rate may affect inflation, real GDP growth and unemployment in Lydora. Use the supplied data, explain the transmission and its limitations, consider the imported energy shock, and reach a justified policy judgement.