IQM4009

LEVEL 4 · SAMPLE ASSESSMENT

INTO QUALIFICATIONS

Macroeconomics and Global Financial Systems

Sample final written examination: macroeconomics and global financial systems

STAFF ONLY · Staff marking and administration guide

Assessment
IQM4009 A2

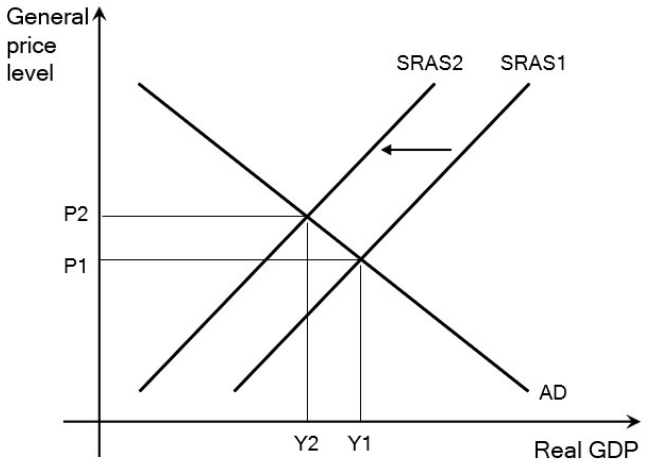
Sample set
2026-S

Status
SAMPLE ASSESSMENT

Duration
120 minutes

Total marks
50

Release timing
exam release



Administration and delivery

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.

- Supply synthetic data within the paper; no separate data source required.
- Allow 120 minutes and standard controlled examination arrangements; apply the module guide Final Examination rules: closed-book; no candidate-provided materials; all data or stimulus material supplied in the paper; permitted calculator: non-programmable, non-graphing scientific calculator; calculators with CAS, text, image or document storage, or internet capability, and phones, tablets and smart watches, are not permitted; confirm date/document IDs at issue.
- Markers record each subquestion and reconcile all section totals to 50.

Mark scheme and indicative content

1 [1 marks]

Correct option: C

2 [1 marks]

Correct option: B

3 [1 marks]

Correct option: C

4 [1 marks]

Correct option: A

5 [1 marks]

Correct option: A

6 [1 marks]

Correct option: B

7 [1 marks]

Correct option: A

8 [1 marks]

Correct option: A

9 [1 marks]

Correct option: B

10 [1 marks]

Correct option: B

11 [10 marks]

Planned machinery purchases are investment, a component of aggregate demand. Their cancellation reduces planned expenditure, shifting AD left from AD0 to AD1. In the short run, firms receive fewer orders and may reduce production, overtime and recruitment; if output falls, household income and consumption may also weaken, creating a multiplier contraction. Where spare capacity exists, real output and employment are likely to fall and cyclical unemployment may rise. With unchanged upward-sloping SRAS, the new equilibrium has a lower price level and lower output; inflation may weaken, although its path depends on dynamics and other shocks.

A precise diagram labels the vertical axis as price level and horizontal axis as real output, with AD shifting left and the new equilibrium at lower output. The impact may be limited if government spending, exports or consumption remain strong, or if lower interest rates and restored confidence prompt replacement investment. If the weakness persists, reduced capital formation could also constrain productive capacity later, but that is a longer-run possibility rather than an immediate certainty.

Mark allocation

Investment As Ad Component And Shock: 2

Diagram Or Verbal Shift And Equilibrium: 2

Output/Employment Causal Chain And Multiplier: 3

Credible Limitation/Offset Or Long-Run Distinction: 3

12 [10 marks]

An appreciation makes domestic goods more expensive to foreign buyers and foreign goods cheaper to domestic buyers, other prices constant. Export volumes may fall and import volumes may rise, tending to worsen net exports and reduce AD. Imported inputs and consumer goods become cheaper, which can reduce cost-push inflation and raise real purchasing power. The trade-balance response depends on price elasticities: if export and import demand are sufficiently elastic in aggregate, quantities adjust more than prices and the balance may worsen. Contracts, invoicing and adjustment lags can delay the response of trade volumes, so initial and later trade-balance effects may differ.

Higher-value or differentiated exports may be less price-sensitive. Lower imported input costs can improve firms' competitiveness, partially offsetting the demand effect.

Mark allocation

Relative Prices Explained: 3

Export/Import And Ad Effects: 3

Inflation/Input Purchasing-Power Channel: 2

Elasticity/Time-Lag Qualification: 2

Section C Data1 [2 marks]

((6.0-2.0)/2.0)×100 = 200%. This is a 4 percentage-point rise and a 200% proportional increase.

Section C Data2 [3 marks]

Higher energy costs raise firms' production costs and shift SRAS left/up. Equilibrium price level rises and real output falls, other things equal: cost-push inflation with a possible negative output effect.

Section C Data3 [6 marks]

Cost-push: energy, wage or imported-input costs shift SRAS left, raising price level and lowering output. Demand-pull: consumption, investment, government spending or net exports raise AD; with limited spare capacity, firms raise prices as well as output. Credit coherent alternatives such as exchange-rate depreciation raising import prices or expectations feeding wage/price setting. Distinguish causes and develop transmission.

Section C Data4 [9 marks]

Higher rates raise borrowing costs and the return to saving, tending to reduce consumption of durables, housing demand and investment; AD shifts left and demand-pull inflation pressure falls. Lower demand may weaken output growth and employment, consistent with but not proven by the synthetic Year 1-Year 3 movements. Higher rates may support the exchange rate, lowering import

prices, but this depends on capital flows and foreign rates. Monetary policy cannot directly repair an energy supply shock; it may reduce second-round effects and expectations, while imposing a real-output cost.

Transmission lags, debt exposure, bank conditions and spare capacity matter. A calibrated rate path alongside targeted temporary supply support may balance price stability and activity; untargeted broad subsidies could sustain demand and fiscal cost.

Standardisation guidance

- Award MCQ only for correct option. For numerical work award method credit if formula is correct; accept 200% plus clear distinction from 4 percentage points. For constructed responses reward accurate causal explanation, relevant diagram, application and qualification; accept equivalent models and defensible analysis.
- 10 + 10 + 10 + (2+3+6+9) = 50.