



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MMUST EXAMINATION

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER EXAMINATIONS
FOR BACHELOR OF SCIENCE ECONOMICS, BACHELOR
OF SCIENCE ECONOMICS AND STATISTICS AND
BACHELOR OF MATHEMATICS AND ECONOMICS**

COURSE CODE: ECO 313

COURSE TITLE: INTERNATIONAL ECONOMIC II

DATE: Tuesday 19-04-2022

TIME: 8:00-10:00

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION ONE and ANY OTHER TWO QUESTIONS

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

QUESTION FOUR

Discuss how the following factors contribute to the international debt problem.

- a) Bad macroeconomic management
- b) Policies of developed countries and their banks
- c) Rising interest rates
- d) Oil price shock

(20 marks@5 marks each)

QUESTION FIVE

a) Define and explain the difference between the following terms

- i) Spot market and Forward market
- ii) Interest rate arbitrage and Covered interest arbitrage
- iii) Real exchange rate and Nominal exchange rate

(12 marks)

b) Differentiate between the objectives of World Trade Organization and United Nations

Conference on Trade and Development.

(8marks)