Macroeconomics I

Assignment Guidelines:

This task evaluates key macroeconomic indicators, long-term aggregate equilibrium models, and market dynamics across goods, labour, and money markets. Students are expected to apply macroeconomic methodologies, construct mathematical and graphical models under full price/wage flexibility, perform aggregate quantitative calculations, and analyse real-world economic policy and indicators to evaluate long-term national dynamics.

Submission Format:

- **Type:** Practical Analytical Report (Macroeconomic Analysis Project)
- **Font/Spacing:** Times New Roman, Size 12, Double Spaced
- **Word Count:** 1500 – 2500 words (excluding formulas, economic graphs, and dataset appendices)
- **Submission Deadline:** To be announced by the respective professors

Assessment Criteria:

- Application of macroeconomic indicators, market equilibrium models, and laws – 20%
- Accuracy of quantitative modelling, formula execution, and spreadsheet data analysis – 25%
- Critical interpretation of macroeconomic indicator shifts in business contexts – 20%
- Strategic macroeconomic insight, risk evaluation, and quality of recommendations – 25%
- Structure, technical reporting clarity, presentation, and APA referencing – 10%

Mandatory Sections:

- Title Page
- Table of Contents
- Executive Summary
- Introduction
- Theoretical Framework & Macroeconomic Laws
- Quantitative Modelling & Indicator Analysis
- Discussion & Managerial Implications
- Conclusion & Recommendations
- References
- Appendices (Spreadsheet Output & Economic Data Schedules)

Assignment Task – Choose ONE of the following practical projects:

Option 1: Long-Term Economic Growth, Production Functions, and National Output Dynamics

Evaluate the long-term aggregate production function and growth dynamics of a selected national economy operating under price and wage flexibility. Your paper should:

- Calculate and compare measures of GDP (Nominal GDP, Real GDP, GDP Deflator) and the components of national income accounting through the use of spreadsheet software.

- Assess the contributions of capital accumulation, labour force growth, technological progress, and total factor productivity (TFP) to long-run output.
- Review actual economic paths in the developed and emerging world, to show how long-term structural determinants shape national growth rates.
- Develop a spreadsheet macroeconomic forecast model versus the baseline and derive (monetary and fiscal) policy advice for maximising long-run economic growth.

Option 2: Equilibrium in Goods, Money, and Labour Markets in Closed and Open Economies

Investigate how market equilibrium is established across aggregate goods, labour, and money markets in both closed and open economy structures. Your paper should:

- Determine interest rate changes, wage levels, employment levels and net exports needed to achieve aggregate general equilibrium.
- Examine how fiscal policy shifts, monetary expansion, domestic saving changes and exchange rate movements affect economic outcomes.
- Evaluate real-world national case studies that underwent large equilibrium shifts or foreign capital flow adjustments in open-market conditions.
- Propose a strategic business adaptation framework that firms can implement to hedge against interest rate, exchange rate, and inflationary risks.

Option 3: Inflation, Unemployment Dynamics, and Monetary Neutrality

Analyse the long-term relationship between money supply, price level dynamics, inflation, and structural unemployment across economic systems. Your paper should:

- Contrast the Quantity Theory of Money with realities in inflation measurement (CPI, PPI) and assess the classical dichotomy and the neutrality of money.
- Assess frictional and structural unemployment measures in conjunction with real wage rigidity and labour market clearing models.
- Analyse how prolonged hyperinflation/deflationary pressures affect company buying power, consumer behaviour and long-term investment.
- Create a macroeconomic risk and inflation management path for businesses to follow as they work through and make decisions amid evolving macroeconomic conditions.