# Subject Description Form

| Subject Code | AF2614 |
|---|---|
| **Subject Title** | Macroeconomics |
| **Credit Value** | 3 |
| **Level** | 2 |
| **Pre-requisite / Co-requisite/ Exclusion** | None |
| **Objectives** | This subject contributes to the achievement of the BSc in Actuarial Science learning outcomes by enabling students to demonstrate creative ability to present business and societal problems in practice (outcome 6), and to identify, define and formulate problems in a systematic approach to generate workable solutions to problems in insurance, financial services, risk management and related areas (outcome 7). |
| **Intended Learning Outcomes** | Upon completion of the subject, students will be able to:<br><br>a. Equip with the analytical tools they need in order to assess how a business is affected by its macroeconomic environment.<br>b. Understand the relationship between different sectors of the macroeconomic environment.<br>c. Analyze various macroeconomic issues such as aggregate consumption, aggregate production, government policies and international relationship. |
| **Subject Synopsis/ Indicative Syllabus** | **National Income Accounting**<br>The circular flow of income. National income and its components. Alternative approaches to measure national outputs. The measurement and relationship among aggregate variables.<br><br>**National Income Determination**<br>Types of aggregate expenditure. Model of national income determination. Inflationary and deflationary gaps. National income and price level in the short run and long run.<br><br>**Consumption and Investment Theory**<br>Aggregate consumption behavior. Theories of investment decisions.<br><br>**Government and Fiscal Policy**<br>Public expenditure. Effects of changes in taxation and public expenditure on national income. Government budget.<br><br>**Money and Banking**<br>The nature of money. Commercial banking and credit creation. The money supply process. The demand for money. Determination of interest rate. The quantity theory of money. Central bank and monetary policy.<br><br>**The IS-LM Model and the AD-AS Model**<br>The IS and LM curves. The AD and AS curves. Effectiveness of fiscal and monetary policies. |

| | International Economics |
|---|---|
| | Theories of international trade. Gains from trade. Trade restrictions and their effects. Balance of Payments. International monetary systems and exchange rate determination. |
| **Teaching/Learning Methodology** | Lectures will be used for introducing the key concepts about the principles of macroeconomics.<br><br>Economic theories will be supplemented by current economic issues and relevant daily examples wherever appropriate.<br><br>During tutorials, students will be divided into smaller groups which will form the focus of activities including presentations and discussion.<br><br>A variety of assessment tools will be used, including presentation, written report, test and examination designed to develop critical thinking as well as analytical and communication skills. |

**Assessment Methods in Alignment with Intended Learning Outcomes**

| Specific assessment methods/tasks | % weighting | Intended subject learning outcomes to be assessed (Please tick as appropriate) | | |
|---|---|---|---|---|
| | | a | b | c |
| 1. Presentation of problem set questions | 15% | √ | √ | √ |
| 2. Individual written report | 15% | √ | √ | √ |
| 3. Mid-term test | 20% | √ | | √ |
| 4. Final examination | 50% | √ | √ | √ |
| Total | 100 % | | | |

Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:

**Student Study Effort Required**

| Class contact: | |
|---|---|
| ▪ Lecture | 28 Hrs. |
| ▪ Tutorial | 14 Hrs. |
| Other student study effort: | |
| ▪ Self study and homework preparation | 42 Hrs. |
| Total student study effort | 84 Hrs. |

**Reading List and References**

Recommended textbook

Case, K.E., .C. Fair and S.M. Oster, Principles of Economics, 9th edition, Prentice Hall, 2009.