COURSE TITLE: ADVANCED MONETARY ECONOMICS
COURSE CODE: ECO 717
CREDIT UNITS: 2 UNITS
TIME ALLOWED: 2 HOURS
INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS

QUESTION

1a. Explain the Friedman's determinants of nominal demand for money **(16 marks)**

1b. Calculate the real money supply in 2022 if the nominal money supply in a country was N150,000m in 2000 and it increased to N350,000m in 2022. Assume that the retail price index for 2022 is N580. Take the year 2000 as the base year. **(7 marks)**

QUESTION TWO

2a. Categorize the measures of money according to the Central Bank of Nigeria (CBN) **(9 marks)**

2b. With the use of relevant diagrams, describe how monetary policy can be used to overcome depression in an economy **(14 marks)**

QUESTION THREE

3a. Discuss the instruments of fiscal policy **(9 marks)**

3b. Assume the initial deposit is N200,000 and cash reserve requirement ratio is 13%.

  i.   Calculate the credit multiplier and the total credit created
  ii. If the cash reserve requirement ratio is reduced to 5%, calculate the credit multiplier and the total credit created
  iii. If the cash reserve requirement ratio is increased to 20%, calculate the credit multiplier and the total credit created
  iv. Draw a conclusion on the relationship between cash reserve requirement and the total credit created **(14 marks)**

QUESTION FOUR

4a. Define financial system and explain the components of the Nigerian financial system and their instruments **(20 marks)**

4b. Outline any **three** limitations of credit creation by commercial banks **(3 marks)**