

Summer 2020 – Individual Assignment 3 – (15%)

ECON252 – Macroeconomics-

Name	ID



AUM

American University Of The Middle East

Problem 1: (30 points)

- a) The following table represents information about the average nominal wages and CPI in a certain country for three years (1990, 2005 and 2020). Use the information in the following table to order the persons based on their real salary when they were employed. (classify REAL wages from highest to lowest). Show your calculations.

	Year they were first employed	CPI	Nominal Salary (in KD)
Ahmed	1990	83	7200
May	2005	103	12600
Abdullah	2020	135	16800



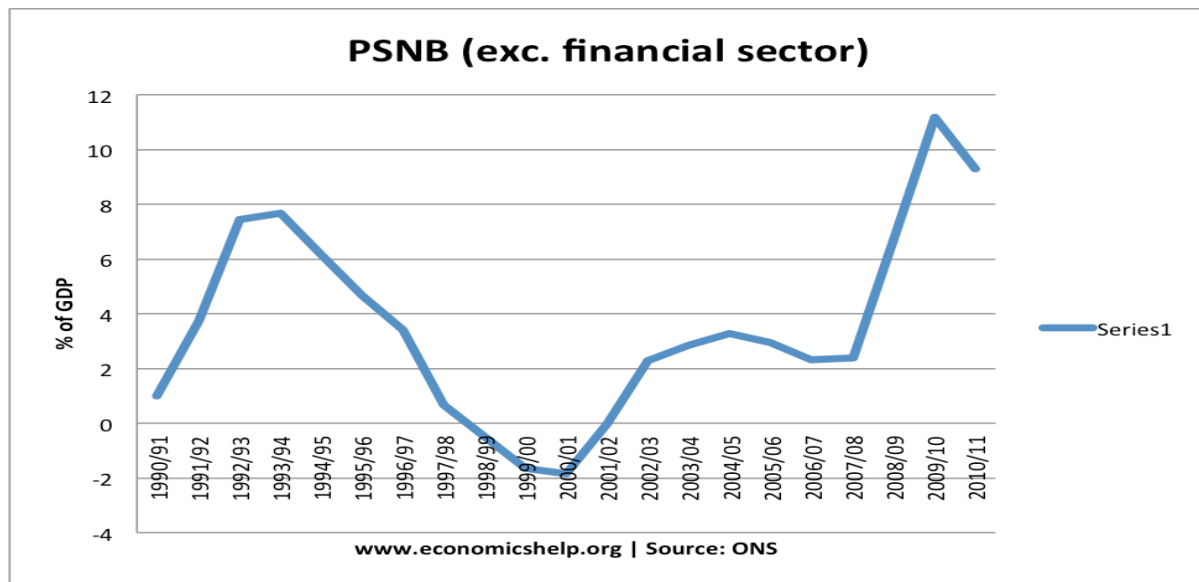
AUM

American University Of The Middle East

Problem 2: (20 points)

Use the below graph and questions to write up an essay.

1. Label the graph and indicate clearly the business cycle phases (recession, expansion)
2. Discuss Macroeconomic indicators during the expansion and recession phases.
3. How indicators change when the period of expansion ends?
4. Discuss the inflation rate





AUM

American University Of The Middle East

Problem 3: (30 points)

Kuwait's working age population is 1478000, out of those 1263000 is in the labor force, from which 1157000 is employed.

1. Find the unemployment rate
2. How many people are not in the labor force
3. Calculate employment population ratio
4. What is the labor force participation rate



AUM

American University Of The Middle East

Problem 4: (20 points)

Consider a simple economy that produces only three products: nail polish, pizzas and t-shirts. The following table provides an information on the price and quantity of these products in three different years: 2010, 2015 and 2016. 2010 is the base year.

	Base year (2010)		2015	2016
	Quantity	Price (KD)	Price (KD)	Price (KD)
Pencils	6	12	14	14
Tablets	10	15	12	12
Sunglasses	12	180	150	130

1. Calculate the CPI in 2015 and 2016.
2. Calculate the inflation rate in 2016. Interpret the result.