Comments on exam of candidate 10026 SØK2009 fall 2019

This is a very good exam, and the candidate demonstrates solid understanding of the relevant topics. The exam is given the grade A.

Question 1

The candidate correctly applies the Barro-Gordon model to answer the questions. The presentation of the Phillips curve and the preferences of the monetary authorities is very good and includes analytical expressions, graphical illustrations, as well as economic intuition behind the relevant relationships. The model equilibrium is illustrated graphically, and the candidate provides solid explanations and correct graphical illustrations to the three sub-questions.

Question 2

The candidate provides very good descriptions of the combined model for the foreign exchange market and the money market. The relevant equations and graphical illustrations are presented and explained, including the analytical solution for the equilibrium exchange rate. The economic intuition behind the relevant relationships are discussed. The negative shift in the income level is illustrated graphically, and the economic intuition behind the effects is explained.

Trondheim, 17.09.20

Hildegunn E. Stokke