

BUSINESS CYCLE

PRACTICE TEST #1

ECONOMICS ATAR UNIT 4



ATAR Survival Guide: Practice Test

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Name: _____ Date: _____

Business Cycle Practice Test 1

Time Allocated: 60 minutes

Marks Allocated: /

Section	Number of Questions Available	Number of Questions Required to Be Answered	Suggested Working Time (Minutes)	Marks Available	Percentage of Paper
Multiple Choice	5	5	5	5	
Short Answer					

Section 1: Multiple Choice

Question 1: Which of the following is an example of a lagging indicator?

- a) Nominal Gross Domestic Product
- b) ASX Share price movements
- c) Retail Sales
- d) Lending approvals

Question 2: Which of the following is an example of a co-incident indicator?

- a) Lending approvals
- b) Inflation
- c) Balance on Trade
- d) Retail sales

Question 3: Which of the following is an example of a leading indicator?

- a) Nominal Gross Domestic Product
- b) Bank profits
- c) Home loans to first home buyers
- d) Purchasing Manufacturers Index (PMI)

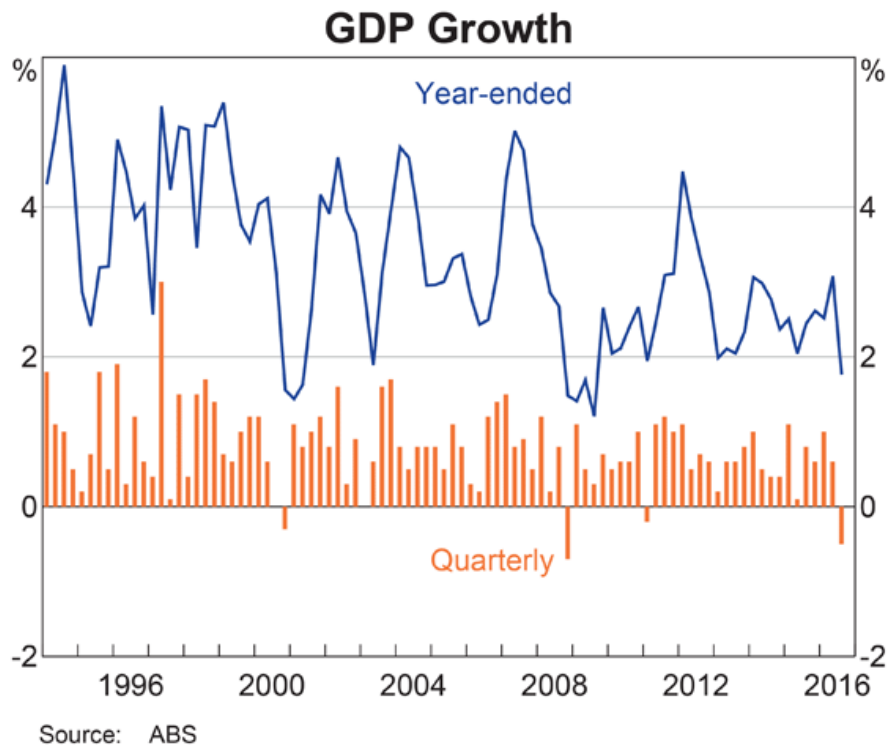
Question 4: Which of the following would you expect to find in a trough?

- a) High business profits
- b) Low cash rates
- c) High private investment
- d) High movements in the wage price index

Question 5: Which of the following would you expect to find in a boom?

- a) Increasing unemployment levels
- b) High levels of consumer confidence
- c) High levels of government expenditure
- d) Low inflation

Section 2: Short Answer



The above graph shows the GDP fluctuations since 1994. (Acknowledgements: Reserve Bank of Australia Chart Pack 8/2/17)

Question 6i: What was the GDP growth for the December Quarter of 2008? (1 Mark)

Question 6ii) Describe the phase of the business cycle in the December Quarter of 2008? (1 Mark)

Question 6iii) List three characteristics of the business cycle phase experienced in the December Quarter of 2008? (3 marks)

Question 7: Explain why a boom phase cannot last forever. (4 Marks)

Question 8: Draw and label a business cycle, indicating Australia's current position in the business cycle and listing any evidence to support this position. (10 Marks)

End of Assessment

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