

Lesson #5 Quiz

Graded Quiz • 30 min

Due Nov 16, 4:59 PM +09

Congratulations! You passed!

TO PASS 80% or higher

Keep Learning

GRADE

100%

Lesson #5 Quiz

LATEST SUBMISSION GRADE

100%

1.

Question 1

While discussing what the future of financial markets will look like, the following arguments were mentioned (check all that apply):

1 / 1 point

It is hard to predict the nature of future financial markets, this evolution will depend on the involvement of young generations within the financial community.

Correct

Financial markets are likely to stay the way they are now for the next three decades.

It is hard to predict the nature of future financial markets, since human species is the product of a complex evolution.

Correct

Financial markets will evolve following simple ideas and ideals, such as the ones historically mentioned by Karl Marx or Robert Owen.

2.

Question 2

In his work, David Moss describes how investors' psychology favored limited liability after the early 19th century New York experiment. In fact, the comparison between investors' psychologies in the context of unlimited liability and lottery tickets is:

1 / 1 point

Symmetrical depending on the amount of money involved. For large amounts, both unlimited liability and lottery tickets investors tend to overestimate the minimum probability of loss.

Asymmetrical. Unlimited liability investors tend to overestimate the minimum probability of loss, whereas in lottery tickets, they overestimate the minimum probability of win.

There is no such comparison between lottery tickets and unlimited liability investors.

Symmetrical. Unlimited liability and lottery tickets investors tend to overestimate the minimum probability of loss.

Correct

3.

Question 3

The introduction of inflation indexed debt was motivated by: (check all that apply)

1 / 1 point

An incentive to hedge from inflation volatility.

Correct

An incentive to have a debt contract fixed in real terms.

Correct

The idea to generate profits when inflation is equal to 0.

Historical examples of nominal debt being wiped out in real terms by high inflation.

Correct

4.

Question 4

Why did Chile introduce the Unidad de Fomento ?

1 / 1 point

To replace the peso as the official currency because of hyperinflation.

To provide stimulus to the economy.

To bolster international trade.

To create a unit of account indexed to inflation, in order to counteract the impact of hyperinflation.

Correct

5.

Question 5

The concept of equity-protected mortgages consists in:

1 / 1 point

Mortgages that include fire insurance.

Mortgages that include accident insurance.

Mortgages that include casualty insurance.

Mortgages that include house price insurance.

Correct

As an example, if the house price falls below the amount you owe, the mortgage debt will be corrected down.