

# Macroeconomics A; EI060

## Quiz

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Class of April 30, 2025

### 1 Different elasticities of substitution

**Question:** What is the advantage to consider a different substitutability between Home and Foreign goods,  $\lambda$ , and between various brands of the same origin,  $\theta$ ?

### 2 Flexible prices

**Question:** When firms can choose prices, why do they choose the same for domestic sales as for exports?

### 3 Long run solution

**Question:** Once prices are fully flexible and the economy has adjusted to a new steady state, explain the impact of cross-border assets on consumption, output, and the terms-of-trade.

### 4 Overshooting

**Question:** What is required to get exchange rate overshooting?

### 5 Welfare effect of monetary expansion

**Question:** A monetary expansion increases output more in the Home country than in the Foreign one. Does it mean that Home benefits by more than Foreign?