Student name:\_\_\_\_\_\_\_\_\_\_

**MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.  
1)** If money wages increase, other things equal, the *most likely* result is a:

1) \_\_\_\_\_\_

A) short-run inflationary gap.   
 B) long-run inflationary gap.  
 C) short-run recessionary gap.

**2)** When demand for a good is inelastic, a higher price will:

2) \_\_\_\_\_\_

A) have no impact on the demand for the good.   
 B) lead to an increase in total expenditures for the good.  
 C) fail to reduce the quantity demanded for the good.

**3)** Which of the following is *least* relevant when explaining why monopoly firms can earn positive economic profits over the long term?

3) \_\_\_\_\_\_

A) The existence of economies of scale.   
 B) Control over production input resources.  
 C) The ability to use price discrimination.

**4)** A price index that is calculated using the current weights of the index’s basket of goods and services is known as a:

4) \_\_\_\_\_\_

A) hedonic price index.   
 B) chained price index.  
 C) Laspeyres price index.

**5)** Which of the following is *least* accurate regarding the allocative efficiency associated with price discrimination? Price discrimination:

5) \_\_\_\_\_\_

A) leads to production where the sum of consumer surplus and producer surplus is greater than it would be otherwise.   
 B) results in gains to the discriminating firm by selling to consumers with relatively inelastic demand.  
 C) leads to a decrease in allocative efficiency.

**6)** The current annual inflation rate, as measured by using the Consumer Price Index (CPI), is *best* defined as:

6) \_\_\_\_\_\_

A) percentage change in the CPI from its base period.   
 B) percentage change in the CPI from a year ago.  
 C) increase in the CPI from a year ago.

**7)** Which of the following is *least likely* to be considered a reason why regulation of monopolies is not effective?

7) \_\_\_\_\_\_

A) Regulators do not know the firm’s cost structure.   
 B) Regulation shifts industry demand and increases prices.  
 C) Regulation reduces the incentive for firms to reduce costs. Regulation is not associated with a shift in industry demand.

**8)** If the government is running a budget deficit, which of the following relationships are *least likely* to occur in the economy at the same time?

|  |  |  |
| --- | --- | --- |
|  | **Exports relative to imports** | **Savings relative to investment** |
| **A)** | exports < imports | private savings > private investment |
| **B)** | exports < imports | private savings < private investment |
| **C)** | exports > imports | private savings < private investment |

8) \_\_\_\_\_\_

A) Option A   
 B) Option B  
 C) Option C

**9)** Which of the following is *least* accurate with regard to advertising for firms operating under monopolistic competition?

9) \_\_\_\_\_\_

A) Advertising expenses are high relative to perfect competition and monopoly.   
 B) Advertising may decrease average total cost.  
 C) The increase to average total costs associated with advertising increases as output increases.

**10)** In order for effective price discrimination to occur the seller must:

10) \_\_\_\_\_\_

A) maximize revenue by selling at the highest price possible.   
 B) face a demand curve with a negative slope.  
 C) have more than one identifiable group of customers with the same price elasticities of demand for the product.

**11)** Which of the following is *least accurate* regarding the relationship between price (P), marginal revenue (MR), average total cost (ATC), and marginal cost (MC) at the profit maximizing output under monopoly?

11) \_\_\_\_\_\_

A) P = MR.   
 B) MR = MC.  
 C) MR < ATC.

**12)** Steve Walker, CFA, is attending an economics lecture, during which the lecturer makes the following two statements about consumer price inflation:  
   
 Statement 1: High-definition televisions are considerably more expensive than traditional models. This means consumers are spending more money per television unit, which represents a form of inflation.  
   
 Statement 2: Employment contracts with automatic increases based on the Consumer Price Index fail to increase wages as much as the increase in the cost of living because of biases in the price index.  
   
 Should Walker *agree* or *disagree* with these statements?

|  |  |  |
| --- | --- | --- |
|  | **Statement 1** | **Statement 2** |
| **A)** | Disagree | Disagree |
| **B)** | Disagree | Agree |
| **C)** | Agree | Agree |

12) \_\_\_\_\_\_

A) Option A   
 B) Option B  
 C) Option C

**13)** In a perfectly competitive industry, the short-run supply curve for the market is the:

13) \_\_\_\_\_\_

A) marginal cost curve above the average variable cost curve.   
 B) sum of the individual supply curves for all firms in the industry.  
 C) marginal cost curve above the average total cost curve.

**14)** If private saving equals private business investment, a trade surplus implies that there is:

14) \_\_\_\_\_\_

A) no fiscal surplus or deficit.   
 B) a fiscal surplus.  
 C) a fiscal deficit.

**15)** In the long-run, after all firms in a perfectly competitive industry have adopted new technology, the:

15) \_\_\_\_\_\_

A) price will equal minimum average total cost.   
 B) individual firm supply will increase as demand decreases.  
 C) price will be set where average variable cost is equal to marginal revenue.

**16)** For price discrimination to work, the seller must face a market with all of the following characteristics EXCEPT:

16) \_\_\_\_\_\_

A) a downward sloping demand curve.   
 B) high barriers to entry.  
 C) a way of preventing customers from purchasing the product at a lower price and reselling it at a higher price.

**17)** Which of the following amounts is *least likely* to be subtracted from gross domestic product in order to calculate national income?

17) \_\_\_\_\_\_

A) Statistical discrepancy.   
 B) Indirect business taxes.  
 C) Capital consumption allowance.

**18)** Based on the concept of diminishing returns, as the quantity of output increases, the short-run marginal costs of production eventually:

18) \_\_\_\_\_\_

A) rise at an increasing rate.   
 B) fall at a decreasing rate.  
 C) rise at a decreasing rate.

**19)** Manufacturing and trade sales are *best* described as a:

19) \_\_\_\_\_\_

A) leading indicator.   
 B) lagging indicator.  
 C) coincident indicator.

**20)** What is the relationship between price and marginal revenue for a price searcher?

20) \_\_\_\_\_\_

A) Marginal revenue = price.   
 B) Marginal revenue < price.  
 C) Marginal revenue > price.

**21)** When potential real GDP is less than actual real GDP, the economy is *most likely* experiencing:

21) \_\_\_\_\_\_

A) underemployment.   
 B) recession.  
 C) inflation.

**22)** Even though the producer surplus increases under a monopoly scenario, relative to one of perfect competition, the consumer surplus decreases by:

22) \_\_\_\_\_\_

A) an equal amount.   
 B) a greater amount.  
 C) a lesser amount.

**23)** If a fiscal budget deficit increases, which of the following factors must also increase if all other factors are held constant?

23) \_\_\_\_\_\_

A) Trade surplus.   
 B) Savings.  
 C) Investment.

**24)** In the dominant firm model of oligopoly, it is *least likely* that one firm:

24) \_\_\_\_\_\_

A) has a significant cost advantage over its competitors.   
 B) effectively sets the price in the market.  
 C) is the innovation leader in product development.

**25)** The kinked demand model assumes that below the current price, the demand curve becomes:

25) \_\_\_\_\_\_

A) more elastic because competitors will decrease their prices.   
 B) less elastic because competitors will decrease their prices.  
 C) less elastic because competitors will not decrease their prices.

**26)** Consider the following statements:  
   
 Statement 1: “When oligopoly firms cheat on price fixing agreements, the result increases economic efficiency.”  
   
 Statement 2: “Monopolistic competition is inefficient because a large deadweight loss from advertising and marketing costs is a characteristic of this form of competition.”  
   
 With respect to these statements:

26) \_\_\_\_\_\_

A) both are correct.   
 B) only one is correct.  
 C) both are incorrect.

**27)** Assume that the market for paper supplies and the market for toothpicks have the following characteristics:  
   
 The *Market for Paper Supplies* is comprised of:  
 ● A large number of independent sellers  
 ● Differentiated products  
 ● Low barriers to entry/exit  
 The *Market for Toothpicks* is comprised of:  
 ● A large number of independent sellers  
 ● Homogeneous products  
 ● No barriers to entry/exit  
 The Papyrus Company operates in the market for paper supplies and Wudden Floss operates in the toothpick market. The sales managers for both companies want to know how a change in price will affect the quantity sold.  
   
 Which of the following choices *best* completes the following sentence? If both firms increase prices, the quantity sold by Papyrus Company will:

27) \_\_\_\_\_\_

A) decrease, and so will the quantity sold by Wudden Floss.   
 B) increase, and the quantity sold by Wudden Floss will decrease.  
 C) decrease, and Wudden Floss will sell nothing.

**28)** Average weekly initial claims for unemployment insurance are classified as a:

28) \_\_\_\_\_\_

A) coincident indicator.   
 B) leading indicator.  
 C) lagging indicator.

**29)** A company has estimated that the price elasticity of demand for its output is −1.1. If the company increases the price of its product by 5%, it is *most likely* that:

29) \_\_\_\_\_\_

A) both total revenue and profits will decrease.   
 B) total revenue will decrease but profits may increase.  
 C) total revenue will increase but profits may decrease.

**30)** If domestic savings are insufficient to finance domestic private investment and exports are greater than imports, it is *most likely* that the fiscal budget has:

30) \_\_\_\_\_\_

A) a deficit that is less than the trade surplus.   
 B) a surplus that is greater than the trade surplus.  
 C) a deficit that is greater than the trade surplus.

**31)** An economist calculates the following value:  
 National income + transfer payments to households − indirect business taxes − corporate income taxes − undistributed corporate profits  
 The *most appropriate* term for the value she has calculated is:

31) \_\_\_\_\_\_

A) disposable income.   
 B) GDP.  
 C) personal income.

**32)** In the short run, will an increase in the money supply increase the price level and real output?

32) \_\_\_\_\_\_

A) Only one will increase in the short run.   
 B) Both will increase in the short run.  
 C) Neither will increase in the short run.

**33)** Which of the following events is *most likely* to increase short-run aggregate supply (shift the curve to the right)?

33) \_\_\_\_\_\_

A) Inflation that results in an increase in goods prices.   
 B) An increase in government spending intended to increase real output.  
 C) High unemployment puts downward pressure on money wages.

**34)** With respect to the IS-LM model, a change in the price level will shift:

34) \_\_\_\_\_\_

A) the LM curve, but not the aggregate demand curve.   
 B) the aggregate demand curve, but not the LM curve.  
 C) both the LM and aggregate demand curves.

**35)** Compared to a competitive market result, a single-price monopoly will *most likely*:

35) \_\_\_\_\_\_

A) adopt a marginal cost pricing strategy, which will decrease consumer surplus.   
 B) result in lower output, deadweight loss, and less producer and consumer surplus.  
 C) result in a higher price, less consumer surplus, and more producer surplus.

**36)** The spot rate for Japanese yen per UK pound is 138.78. If the UK interest rate is 1.75% and the Japanese interest rate is 1.25%, the 6-month no-arbitrage forward rate is *closest to:*

36) \_\_\_\_\_\_

A) 138.10 JPY/GBP.   
 B) 138.44 JPY/GBP.  
 C) 138.95 JPY/GBP.

**37)** The spot rate for Chinese yuan per Canadian dollar is 6.4440. If the Canadian interest rate is 2.50% and the Chinese interest rate is 3.00%, the 3-month no-arbitrage forward rate is *closest to:*

37) \_\_\_\_\_\_

A) 6.436 CNY/CAD.   
 B) 6.475 CNY/CAD.  
 C) 6.452 CNY/CAD.

**38)** If households are holding larger real money balances than they desire, which of the following is *least likely*?

38) \_\_\_\_\_\_

A) The opportunity cost of holding money balances will decrease.   
 B) The interest rate is higher than its equilibrium rate in the market for real money balances.  
 C) The central bank must issue securities to absorb the excess money supply and establish equilibrium.

**39)** According to the quantity theory of money, if nominal GDP is $7 trillion, the price index is 150, and the money supply is $1 trillion, then the velocity of the money supply is *closest* to:

39) \_\_\_\_\_\_

A) 7.0.   
 B) 10.5.  
 C) 4.7.

**40)** The spot exchange rate for United States dollars per United Kingdom pound (USD/GBP) is 1.5775. If 30-day interest rates are 1.5% in the United States and 2.5% in the United Kingdom, and interest rate parity holds, the 30-day forward USD/GBP exchange rate should be:

40) \_\_\_\_\_\_

A) 1.5788.   
 B) 1.5621.  
 C) 1.5762.

**41)** Participants in foreign exchange markets that can be characterized as "real money accounts" *most likely* include:

41) \_\_\_\_\_\_

A) insurance companies.   
 B) hedge funds.  
 C) central banks.

**42)** Which of the following relationships in regard to the quantity theory of money is *least accurate*?

42) \_\_\_\_\_\_

A) Nominal GDP = Price × Money Supply.   
 B) Nominal GDP = Money Supply × Velocity = Price × Real Output.  
 C) Money × Velocity = Money Supply × Velocity.

**43)** In the context of the foreign exchange market, investment accounts are said to be leveraged if they:

43) \_\_\_\_\_\_

A) buy currencies on margin.   
 B) use derivatives.  
 C) borrow and sell foreign currencies.

**44)** If a bank needs to borrow funds from the Federal Reserve to fund a temporary shortage in reserves, it would borrow funds at the:

44) \_\_\_\_\_\_

A) prime rate.   
 B) discount rate.  
 C) federal funds rate.

**45)** Assuming the federal government maintains a balanced budget, the *most likely* effects of a tax increase on government expenditures and real GDP are:

|  |  |  |
| --- | --- | --- |
|  | **Government Expenditures** | **Real GDP** |
| **A)** | Increase | Increase |
| **B)** | Increase | Decrease |
| **C)** | Decrease | Decrease |

45) \_\_\_\_\_\_

A) Option A   
 B) Option B  
 C) Option C

**46)** Spot and one-month forward exchange rates are as follows:

|  |  |  |
| --- | --- | --- |
|  | **Spot** | **1-month forward** |
| **EUR/DEF** | 2.5675 | 2.5925 |
| **EUR/GHI** | 4.3250 | 4.2800 |
| **EUR/JKL** | 7.0625 | 7.0075 |

Based on these exchange rates, the EUR is closest to a 1-month forward:

46) \_\_\_\_\_\_

A) premium of 1% to the GHI.   
 B) discount of 1% to the JKL.  
 C) premium of 1% to the DEF.

**47)** Frequent changes in advertised prices are one of the costs of:

47) \_\_\_\_\_\_

A) unexpected inflation only.   
 B) both expected and unexpected inflation.  
 C) expected inflation only.

**48)** The exchange rate for Australian dollars per British pound (AUD/GBP) was 1.4800 five years ago and is 1.6300 today. The percent change in the Australian dollar relative to the British pound is closest to:

48) \_\_\_\_\_\_

A) depreciation of 9.2%.   
 B) appreciation of 10.1%.  
 C) depreciation of 10.1%.

**49)** Which of the following statements about the demand and supply of money is *most* accurate? People who are:

49) \_\_\_\_\_\_

A) buying bonds to reduce their money balances will increase the demand for bonds with an associated increase in interest rates.   
 B) holding money when interest rates are lower will try to increase their money balances and, as a result, the supply of money increases.  
 C) holding money when interest rates are higher will try to reduce their money balances and, as a result, the demand for money decreases.

**50)** The spot exchange rate for CHF/EUR is 0.8342 and the 1-year forward quotation is −0.353%. The 1- year forward exchange rate for EUR/CHF is *closest to*:

50) \_\_\_\_\_\_

A) 1.2022.   
 B) 0.8313.  
 C) 1.2029.

**51)** Contractionary monetary policy is *least likely* to decrease consumption spending by decreasing:

51) \_\_\_\_\_\_

A) the foreign exchange value of the currency.   
 B) securities prices.  
 C) expectations for economic growth.

**52)** Other things equal, a real exchange rate (stated as units of domestic currency per unit of foreign currency) will decrease as a result of an increase in the:

52) \_\_\_\_\_\_

A) nominal exchange rate (domestic/foreign).   
 B) domestic price level.  
 C) foreign price level.

**53)** In the balance of payments accounts, goods and financial assets that migrants bring to a country are included in the:

53) \_\_\_\_\_\_

A) financial account.   
 B) capital account.  
 C) current account.

**54)** If the money interest rate is measured on the y-axis and the quantity of money is measured on the x- axis, the money supply curve is:

54) \_\_\_\_\_\_

A) vertical.   
 B) downward sloping to the lower right.  
 C) upward sloping to the upper right.

**55)** According to the Fisher effect, which of the following interest rates includes a premium for the expected rate of inflation?

55) \_\_\_\_\_\_

A) Neither yields on short-term government debt nor yields on long-term corporate debt.   
 B) Both yields on short-term government debt and yields on long-term corporate debt.  
 C) Yields on long-term corporate debt, but not yields on short-term government debt.

**56)** A country is experiencing a core inflation rate of 7% during a recessionary period of real GDP growth. If the central bank has a single mandate to achieve price stability and uses inflation targeting with an acceptable range of zero to 4%, its monetary policy response is *most likely* to decrease:

56) \_\_\_\_\_\_

A) the foreign exchange value of the country’s currency.   
 B) short-term interest rates.  
 C) GDP growth in the short run.

**57)** In 20X5, Carthage’s merchandise imports exceeded the value of its merchandise exports. In this case, Carthage would *most likely* have which of the following?

57) \_\_\_\_\_\_

A) Current account surplus.   
 B) Balance of trade surplus.  
 C) Capital account surplus.

**58)** The *least likely* result of import quotas and voluntary export restraints is:

58) \_\_\_\_\_\_

A) a decrease in the quantity of imports of the product.   
 B) increased revenue for the government.  
 C) a shift in production toward higher-cost suppliers.

**59)** The USD/EUR spot exchange rate is 1.3500 and 6-month forward points are −75. The 6-month forward exchange rate is:

59) \_\_\_\_\_\_

A) 1.3575, and the USD is at a forward discount.   
 B) 1.3425, and the USD is at a forward discount.  
 C) 1.3425, and the USD is at a forward premium.

**60)** Assume that the long-term equilibrium money market interest rate is 4% and the current money market interest rate is 3%. At this current rate of 3%, there will be an excess:

60) \_\_\_\_\_\_

A) supply of money in the money market, and investors will tend to be net buyers of securities.   
 B) demand for money in the money market, and investors will tend to be net buyers of securities.  
 C) demand for money in the money market, and investors will tend to be net sellers of securities.

**Answer Key**Test name: Economics

1) C

An increase in the wage rate decreases short-run aggregate supply, leading to a short-run recessionary gap.

2) B

When demand is relatively inelastic, consumers do not reduce their quantity demanded very much when the price increases. That is, a given percentage increase in price results in a smaller percentage reduction in quantity demanded. Thus, total expenditures on the good increase. "Fail to reduce the quantity demanded for the good" is inaccurate because that would only be true if demand was *perfectly* inelastic.

3) C

High entry barriers due to economies of scale, government licensing, resource controls, and patents prevent new firms from entering the market to exploit positive economic profit opportunities.

4) B

A chained or chain-weighted price index uses updated weights for each good and service in its market basket. A price index that is not chain-weighted, such as a Laspeyres index, is calculated using weights for each good and service in the market basket as of the index?s base period. Hedonic pricing is a technique used to adjust a price index for upward bias from quality changes of goods in its market basket.

5) C

Allocative efficiency occurs when the quantity produced maximizes the sum of consumer and producer surplus. That is, where marginal benefit equals marginal cost. Price discrimination reduces the allocative inefficiency that exists when prices are greater than marginal cost by increasing output toward the quantity where price equals marginal cost. Firms gain by selling to customers with inelastic demand while still providing goods to customers with more elastic demand. This may even cause production to take place at a level where it would not take place otherwise.

6) B

The inflation rate is the percentage change in the price index from a year earlier.

7) B

8) C

A government budget deficit, a trade surplus, and an excess of private investment over private savings cannot all occur at the same time. If the government runs a budget deficit, the deficit must be financed by a trade deficit (exports < imports), surplus private savings (private savings > private investment), or both.

9) C

Advertising expenses are high for firms in monopolistic competition. Not only because firms need to inform consumers about the unique features of a firm?s products, but also to create or increase a perception of differences between products that are actually quite similar. Advertising costs increase average total costs, but the increase to average total cost attributable to advertising decreases as output increases because more fixed advertising dollars are being averaged over a larger quantity. If advertising increases output (sales) significantly, it can actually decrease a firm?s average total cost if there are economies of scale.

10) B

In order for effective price discrimination to occur, the seller must have a downward sloping demand curve. The seller must also have at least two identifiable groups of customers with price elasticities of demand for the product, and the seller must be able to prevent customers from reselling the product.

11) A

To maximize profit, all firms expand output until marginal revenue equals marginal cost. Price is determined from the demand curve, which is above the marginal revenue curve since a monopoly faces a downward sloping demand curve.

12) A

Walker should disagree with both statements. Price changes resulting from increases in the quality of goods, do not represent inflation. However, the Consumer Price Index is affected by biases from product quality, as well as new goods and substitution, causing it to overstate the rate of inflation. As a result, increases in wages that are based on CPI will more than compensate for actual increases in the cost of living.

13) B

The short-run supply curve for a *firm* is its marginal cost curve above the average variable cost curve. The short-run supply curve of the *market* is the sum of the supply curves for all firms in the industry.

14) B

The fundamental relationship among saving, investment, the fiscal balance, and the trade balance is stated as: (G − T) = (S − I) − (X − M). If S = I, this equation becomes (G − T) = − (X − M), or (T − G) = (XM). In this case, if the trade balance is in surplus (exports are greater than imports), the fiscal balance must also be in surplus (taxes are greater than government spending).

15) A

After some firms in an industry adopt a technological change, the existing firms that use the old technology will experience losses and either adopt the technology or exit the industry. Long-run equilibrium with price equal to minimum average total cost for the new technology will be established.

16) B

Price discrimination is the practice of charging different consumers different prices for the same product or service. For price discrimination to work the seller must: 1) have a downward sloping demand curve, 2) have at least two identifiable groups of customers with different price elasticities of demand, 3) must be able to prevent customers in the lower-price group from reselling the product to customers in the higher-price group.

17) B

Indirect business taxes are not subtracted because they are included in national income.

18) A

The law of diminishing returns states that as more variable resources are a production process combined with a fixed input, output will eventually increase at a decreasing rate. In the short run, as the quantity produced rises, costs rise at an increasing rate.

19) C

Manufacturing and trade sales are a coincident indicator that generally reflects the current phase of the business cycle.

20) B

For a price searcher, demand is downward sloping, marginal revenue is less than price since price must be reduced to sell additional units of output.

21) C

The economy is in an inflationary phase if actual real GDP is greater than potential real GDP. When actual real GDP equals potential real GDP, the economy is said to be at full employment. The economy is in a recessionary phase if real GDP is less than potential GDP.

22) B

The consumer surplus decreases by a greater amount than the producer surplus increases, with the difference representing a deadweight loss.

23) B

The relationship between the fiscal balance, savings, investment, and the trade balance is (G − T) = (S − I) − (X − M). An increase in a fiscal budget deficit (G − T) must be funded by an increase in savings (S), a decrease in investment (I), or a decrease in net exports (X − M), which would decrease a trade surplus or increase a trade deficit.

24) C

The dominant firm model of oligopoly is based on the assumption that one firm has a significant cost advantage which allows it to set the price in the market and control a relatively large share of the industry?s production and sales. It does not assume that the firm will be the innovation leader in product development. In fact, being more innovative is one of the factors that allow smaller competitors that work at a cost disadvantage to survive.

25) B

The kinked demand model of oligopoly behavior assumes that a firm?s competitors will not match a price increase, but will match the price of a competitor that offers a lower price. The result is a demand curve that is more elastic above the current price, but less elastic below it.

26) B

With a price-fixing agreement, producers in an oligopoly market restrict output to increase price and joint profits just as a monopoly producer does. Such agreements decrease economic efficiency. When these agreements are violated, quantity produced increases, increasing economic efficiency. Therefore Statement 1 is accurate.   
   
 The efficiency of monopolistic competition is not clear. While increased opportunity cost is associated with the intensive marketing and advertising activities that are characteristic of monopolistic competition, consumers definitely benefit from these selling activities because they receive information that often enables them to make better purchasing decisions. Hence the advertising and marketing costs may be more than the efficient amount, but do not represent a deadweight loss. Therefore Statement 2 is inaccurate.

27) C

Papyrus Company is an example of a price searcher engaged in monopolistic competition (low barriers to entry). Thus, the company faces a downward sloping demand curve and highly elastic demand. An increase in price will result in fewer units sold. Wudden Floss is an example of a price taker operating in a purely competitive market. Thus, the firm faces a horizontal demand curve and perfectly elastic demand. An increase in price will result in *no units sold*. In a purely competitive market, the firm must take the market price.

28) B

Initial claims for unemployment insurance are considered a leading indicator.

29) B

Price elasticity of −1.1 tells us that a 5% increase in price will reduce sales by more than 5%, so total revenue will decrease. Whether profits increase or decrease will depend on whether the cost reduction from producing less output is greater or less than the decrease in total revenue.

30) B

The fundamental relationship among saving, investment, the fiscal balance and the trade balance is expressed as (S − I) = (G − T) + (X − M). If domestic savings (S) are not sufficient to finance private investment (I), then (S − I) is negative and the sum (G − T) + (X − M) must also be negative. With exports greater than imports, (X − M) is positive so (G − T) must be negative and larger than (X − M). If (G − T) is negative, taxes (T) are greater than government spending (G) and the government has a fiscal surplus.

31) C

Personal income is calculated by adding transfer payments to national income and subtracting indirect business taxes, corporate income taxes, and undistributed corporate profits. Disposable income is personal income minus personal taxes. GDP is national income plus a capital consumption allowance and an adjustment for statistical discrepancy between the income and expenditure approaches.

32) B

In the short run, an increase in the money supply will increase aggregate demand. The new short-run equilibrium will be at a higher price level and a greater level of real output (GDP).

33) C

Falling money wages would cause businesses to increase (profit-maximizing) output levels at each price level for final goods and services. Changes in the price level of goods and services are represented by a movement along a short-run aggregate supply curve, not a shift in the curve. A rise in resource prices will decrease aggregate supply. An increase in government spending will shift the aggregate demand curve but not the aggregate supply curve.

34) A

Because an LM curve is constructed for a given level of the real money supply, a change in the price level (which affects the real money supply) will shift the LM curve. The aggregate demand curve is determined by changing the price level, which produces alternative LM curves. Changing price levels determines the aggregate demand curve from the intersections of alternative LM curves with the IS curve.

35) C

A firm in a monopoly position will reduce output to where MC = MR, which will increase price, decrease consumer surplus, and increase producer surplus. A marginal cost pricing strategy refers to regulation which requires a firm to set price equal to marginal cost.

36) B

The calculation is as follows:  
formula2.mml

37) C

The calculation is as follows:  
formula3.mml

38) C

If households' real money balances are larger than they desire, the interest rate (opportunity cost of holding money balances) is higher than its equilibrium rate. Households will use their undesired cash to buy securities, bidding up securities prices and reducing the interest rate until the equilibrium rate is achieved. This market process does not require any action by the central bank.

39) A

The equation of exchange is MV = PY.  
 Nominal GDP = PY, so that MV = nominal GDP.  
 Therefore, ($1.0 trillion)(V) = $7.0 trillion.  
 V = $7.0 trillion / $1.0 trillion.  
 V = 7.0.

40) C

Forward USD/GBP = spot USD/GBP × (1 + U.S. interest rate) / (1 + UK interest rate)   
 = 1.5775 × [(1 + 0.015/12) / (1 + 0.025/12)]   
 = 1.5762

41) A

Real money accounts are foreign exchange buy-side investors that do not use derivatives. Many mutual funds, pension funds, and insurance companies can be classified as real money accounts. Hedge funds typically use derivatives. Central banks usually do not act as investors in foreign exchange markets but may intervene in foreign exchange markets to achieve monetary policy objectives.

42) A

The quantity theory of money holds that: Money Supply × Velocity = Nominal GDP = Price × Real Output.

43) B

Leveraged accounts in the foreign exchange market refer to investment accounts that use derivatives.

44) B

Banks are able to borrow from the Fed at the discount rate. The federal funds rate is the interest rate banks charge other banks to borrow reserves from other banks. The prime rate is the rate that commercial banks charge their best customers.

45) A

The amount of the spending program exactly offsets the amount of the tax increase, leaving the budget unaffected (balanced budget). The multiplier effect is stronger for government spending versus the tax increase. Therefore, the balanced budget multiplier will be positive. All of the government spending enters the economy as increased expenditure, whereas only a portion of the tax increase results in lessened expenditure (determined by the marginal propensity to consume), because part of the tax increase will come from the savings of the taxpayer (determined by the marginal propensity to save).

46) A

The EUR is at a forward premium to the GHI because the EUR/GHI forward rate is less than the EUR/GHI spot rate. The base currency, GHI, is at a forward discount of forward/spot − 1 = 4.2800 / 4.3250 − 1 = −1.04%. The EUR is at a forward discount to the DEF and a forward premium to the JKL.

47) B

Inflation imposes "menu costs" on an economy as businesses must frequently change their advertised prices, regardless of whether inflation is expected or unexpected.

48) A

To correctly calculate the percentage change in AUD relative to GBP, convert the exchange rates so that AUD is the base currency: 1 / 1.4800 = 0.6757 GBP/AUD five years ago and 1 / 1.6300 = 0.6135 GBP/AUD today. The percentage change in the Australian dollar against the British pound is 0.6135 / 0.6757 − 1 = −9.2%.   
 Note that the GBP has appreciated against the AUD by 1.6300 / 1.4800 − 1 = 10.1% over the same period.

49) C

Buying bonds would drive bond prices up and interest rates down. Selling bonds would have the opposite effect; driving bond prices down and interest rates up. When interest rates are lower, there is an excess demand for money. The supply of money is determined by the monetary authorities.

50) C

The forward rate for CHF/EUR is 0.8342 × (1 − 0.00353) = 0.8313. The 1-year forward EUR/CHF exchange rate is 1 / 0.8313 = 1.2030.

51) A

Contractionary monetary policy is likely to increase the value of the domestic currency in the foreign exchange market, which decreases foreign demand for the country's exports. Contractionary monetary policy should cause both securities prices and expectations for economic growth to decrease, each of which is likely to cause consumers to decrease spending.

52) B

An increase in the domestic price level, other things equal, will decrease a real exchange rate. Increases in the nominal exchange rate or the foreign price level, other things equal, will increase a real exchange rate.

53) B

The capital account includes goods and financial assets that migrants bring when they come to a country or take with them when they leave.

54) A

The money supply schedule is vertical because it is not affected by changes in the interest rate but is determined by the monetary authorities such as the Federal Reserve System (Fed) in the United States.

55) B

The Fisher effect holds that all nominal interest rates include a premium for expected inflation.

56) C

If the central bank has a price stability mandate, it will most likely respond to the above-target inflation rate by decreasing the money supply, even though GDP growth is in a recessionary phase. Decreasing the money supply will result in higher short-term interest rates and appreciation of the currency, but will likely cause GDP growth to decrease further in the short run.

57) C

If a country is running a current account deficit, it must have an inflow of foreign capital, creating a surplus in the capital account.

58) B

Import quotas and voluntary export restraints, unlike tariffs, do not necessarily generate tax revenue. The other choices describe effects that result from tariffs, quotas, and VERs.

59) C

For an exchange rate quoted to four decimal places, each forward point represents 0.0001. The 6- month forward exchange rate is 1.3500 − 0.0075 = 1.3425 USD/EUR. The USD is expected to appreciate against the EUR and is trading at a forward premium.

60) C

At interest rates below 4% (the long-term equilibrium rate), the quantity of money demanded exceeds the quantity of money supplied. At below-equilibrium rates, investors will sell bonds to obtain the desired extra cash. As they sell more bonds, the prices of bonds fall, and interest rates start to move back towards the 4% equilibrium.

1) 如果货币工资增加，其他条件不变，最可能的结果是：

A) 短期通货膨胀缺口

B) 长期通货膨胀缺口

C) 短期衰退缺口

2) 当对一种商品的需求缺乏弹性时，较高的价格将：

A) 对商品需求没有影响

B) 导致该商品的总支出增加

C) 无法减少对该商品的需求量

3) 以下哪项在解释垄断企业为何能在长期获得正经济利润时最不相关？

A) 规模经济的存在

B) 对生产投入资源的控制

C) 使用价格歧视的能力

4) 使用指数篮子中商品和服务的当前权重计算的价格指数被称为：

A) 享乐价格指数

B) 链式价格指数

C) 拉斯佩尔斯价格指数

5) 关于价格歧视相关分配效率的以下哪项最不准确？价格歧视：

A) 导致生产使消费者剩余和生产者剩余之和大于其他情况

B) 通过向需求相对缺乏弹性的消费者销售，使歧视企业获利

C) 导致分配效率下降

6) 使用消费者价格指数（CPI）测量的当前年度通货膨胀率最好定义为：

A) CPI自基期以来的百分比变化

B) CPI与一年前相比的百分比变化

C) CPI与一年前相比的增加值

7) 以下哪项最不可能被认为是垄断监管无效的原因？

A) 监管者不知道企业的成本结构

B) 监管改变行业需求并提高价格

C) 监管降低企业降低成本的激励

8) 如果政府出现预算赤字，以下哪种经济关系最不可能同时发生？

A) 选项A

B) 选项B

C) 选项C

9) 关于垄断竞争下企业广告的以下哪项最不准确？

A) 广告费用相对于完全竞争和垄断较高

B) 广告可能降低平均总成本

C) 与广告相关的平均总成本增加随产量增加而增加

10) 为了实现有效的价格歧视，卖方必须：

A) 通过以最高价格销售来最大化收入

B) 面对需求曲线斜率为负的市场

C) 拥有多个具有相同需求价格弹性的可识别客户群体

11) 关于垄断下利润最大化产量的价格（P）、边际收入（MR）、平均总成本（ATC）和边际成本（MC）关系的以下哪项最不准确？

A) P = MR

B) MR = MC

C) MR < ATC

12) CFA史蒂夫·沃克参加了一场经济学讲座，讲师关于消费者价格通胀发表了以下两项陈述：

陈述1：高清电视比传统型号贵得多，这意味着消费者每台电视花费更多，这是通货膨胀的一种形式。

陈述2：基于消费者价格指数的自动工资增长合同未能使工资增长与生活成本增加保持一致，因为价格指数存在偏差。

沃克应该同意还是不同意这些陈述？

A) 选项A

B) 选项B

C) 选项C

13) 在完全竞争行业中，市场的短期供给曲线是：

A) 高于平均可变成本曲线的边际成本曲线

B) 行业内所有企业个体供给曲线的总和

C) 高于平均总成本曲线的边际成本曲线

14) 如果私人储蓄等于私人企业投资，贸易顺差意味着：

A) 没有财政盈余或赤字

B) 存在财政盈余

C) 存在财政赤字

15) 在长期内，完全竞争行业中的所有企业采用新技术后：

A) 价格将等于最低平均总成本

B) 随着需求减少，个体企业供给将增加

C) 价格将在平均可变成本等于边际收入处设定

16) 为了使价格歧视有效，市场必须具备以下所有特征，除了：

A) 需求曲线斜率为负

B) 高进入壁垒

C) 防止客户以较低价格购买产品并以较高价格转售的方法

17) 以下哪项最不可能从国内生产总值中减去以计算国民收入？

A) 统计差异

B) 间接商业税

C) 资本消耗津贴

18) 根据边际报酬递减的概念，随着产量的增加，短期边际生产成本最终：

A) 以递增的速率上升

B) 以递减的速率下降

C) 以递减的速率上升

19) 制造业和贸易销售最好被描述为：

A) 领先指标

B) 滞后指标

C) 同步指标

20) 价格搜索者的价格与边际收入之间的关系是：

A) 边际收入 = 价格

B) 边际收入 < 价格

C) 边际收入 > 价格

21) 当潜在实际GDP小于实际GDP时，经济最有可能经历：

A) 就业不足

B) 衰退

C) 通货膨胀

22) 尽管在垄断情景下生产者剩余相对于完全竞争增加，消费者剩余减少：

A) 相等金额

B) 更大金额

C) 较小金额

23) 如果财政预算赤字增加，在其他因素不变的情况下，以下哪项必须增加？

A) 贸易顺差

B) 储蓄

C) 投资

24) 在寡头垄断的主导企业模型中，最不可能的是一个企业：

A) 相对于竞争对手具有显著的成本优势

B) 有效设定市场价格

C) 是产品开发的创新领导者

25) 折点需求模型假设在当前价格以下，需求曲线变得：

A) 因竞争对手降低价格而更具弹性

B) 因竞争对手降低价格而缺乏弹性

C) 因竞争对手不降低价格而缺乏弹性

26) 考虑以下陈述：

陈述1：“当寡头垄断企业违反价格固定协议时，结果会提高经济效率。”

陈述2：“垄断竞争是低效的，因为这种竞争形式的特征是广告和营销成本造成的大量无谓损失。”

关于这些陈述：

A) 两者均正确

B) 仅一个正确

C) 两者均不正确

27) 假设纸制品市场和牙签市场具有以下特征：

纸制品市场包括：

● 大量独立卖家

● 差异化产品

● 低进入/退出壁垒

牙签市场包括：

● 大量独立卖家

● 同质化产品

● 无进入/退出壁垒

帕皮鲁斯公司在纸制品市场运营，伍登弗洛斯公司在牙签市场运营。两家公司的销售经理想知道价格变化如何影响销量。以下哪项选择最能完成以下句子？如果两家公司都提高价格，帕皮鲁斯公司的销售量将：

A) 减少，伍登弗洛斯的销售量也将减少

B) 增加，伍登弗洛斯的销售量将减少

C) 减少，伍登弗洛斯将卖不出任何产品

28) 平均每周初次申请失业保险被分类为：

A) 同步指标

B) 领先指标

C) 滞后指标

29) 一家公司估计其产出的需求价格弹性为-1.1。如果公司将其产品价格提高5%，最有可能的是：

A) 总收入和利润均将减少

B) 总收入将减少，但利润可能增加

C) 总收入将增加，但利润可能减少

30) 如果国内储蓄不足以资助国内私人投资，且出口大于进口，最有可能的是财政预算：

A) 赤字小于贸易顺差

B) 盈余大于贸易顺差

C) 赤字大于贸易顺差

31) 一位经济学家计算了以下值：

国民收入 + 家庭转移支付 - 间接商业税 - 公司所得税 - 未分配公司利润

她计算的值最合适的术语是：

A) 可支配收入

B) 国内生产总值

C) 个人收入

32) 在短期内，货币供应增加会提高价格水平和实际产出吗？

A) 在短期内只有一个会增加

B) 在短期内两者均会增加

C) 在短期内两者均不会增加

33) 以下哪项事件最有可能增加短期总供给（使曲线右移）？

A) 导致商品价格上涨的通货膨胀

B) 旨在增加实际产出的政府支出增加

C) 高失业率对货币工资造成下行压力

34) 关于IS-LM模型，价格水平的变化将使：

A) LM曲线移动，但总需求曲线不移动

B) 总需求曲线移动，但LM曲线不移动

C) LM曲线和总需求曲线均移动

35) 与竞争市场结果相比，单一价格垄断最有可能：

A) 采用边际成本定价策略，这将减少消费者剩余

B) 导致产出减少、无谓损失，以及生产者和消费者剩余减少

C) 导致价格更高、消费者剩余减少、生产者剩余增加

36) 日元兑英镑的即期汇率为138.78。如果英国利率为1.75%，日本利率为1.25%，6个月无套利远期汇率最接近：

A) 138.10 JPY/GBP

B) 138.44 JPY/GBP

C) 138.95 JPY/GBP

37) 人民币兑加元的即期汇率为6.4440。如果加拿大利率为2.50%，中国利率为3.00%，3个月无套利远期汇率最接近：

A) 6.436 CNY/CAD

B) 6.475 CNY/CAD

C) 6.452 CNY/CAD

38) 如果家庭持有的实际货币余额大于其期望，以下哪项最不可能发生？

A) 持有货币余额的机会成本将减少

B) 利率高于实际货币余额市场的均衡利率

C) 中央银行必须发行证券以吸收过剩货币供应并建立均衡

39) 根据货币数量理论，如果名义GDP为7万亿美元，价格指数为150，货币供应为1万亿美元，则货币供应的流通速度最接近：

A) 7.0

B) 10.5

C) 4.7

40) 美元兑英镑（USD/GBP）的即期汇率为1.5775。如果美国30天利率为1.5%，英国为2.5%，且利率平价成立，30天远期USD/GBP汇率应为：

A) 1.5788

B) 1.5621

C) 1.5762

41) 外汇市场中可被归类为“真实货币账户”的参与者最有可能包括：

A) 保险公司

B) 对冲基金

C) 中央银行

42) 关于货币数量理论的以下哪项关系最不准确？

A) 名义GDP = 价格 × 货币供应

B) 名义GDP = 货币供应 × 流通速度 = 价格 × 实际产出

C) 货币 × 流通速度 = 货币供应 × 流通速度

43) 在外汇市场中，如果投资账户使用衍生品，则被认为是杠杆化的：

A) 以保证金购买货币

B) 使用衍生品

C) 借入并出售外币

44) 如果一家银行需要从联邦储备银行借入资金以弥补储备的暂时短缺，它将以以下利率借入资金：

A) 优惠利率

B) 贴现率

C) 联邦基金利率

45) 假设联邦政府维持预算平衡，税收增加对政府支出和实际GDP的最可能影响是：

A) 选项A

B) 选项B

C) 选项C

46) 即期和一个月远期汇率如下：

根据这些汇率，欧元最接近于对以下货币的1个月远期：

A) 对GHI溢价1%

B) 对JKL折价1%

C) 对DEF溢价1%

47) 频繁更改广告价格是以下哪项的成本之一：

A) 仅意外通货膨胀

B) 预期和意外通货膨胀均有

C) 仅预期通货膨胀

48) 澳元兑英镑（AUD/GBP）的汇率五年前为1.4800，今天为1.6300。澳元相对英镑的百分比变化最接近：

A) 贬值9.2%

B) 升值10.1%

C) 贬值10.1%

49) 关于货币需求和供给的以下哪项陈述最为准确？

A) 购买债券以减少货币余额的人将增加对债券的需求，并导致利率上升

B) 在利率较低时持有货币的人将试图增加货币余额，从而货币供应增加

C) 在利率较高时持有货币的人将试图减少货币余额，从而货币需求减少

50) 瑞郎兑欧元（CHF/EUR）的即期汇率为0.8342，一年远期报价为-0.353%。欧元兑瑞郎（EUR/CHF）的一年远期汇率最接近：

A) 1.2022

B) 0.8313

C) 1.2029

51) 紧缩货币政策最不可能通过减少以下哪项来减少消费支出：

A) 货币的汇率价值

B) 证券价格

C) 对经济增长的预期

52) 在其他条件不变的情况下，实际汇率（以国内货币单位每单位外币表示）将因以下哪项增加而减少：

A) 名义汇率（国内/外国）

B) 国内价格水平

C) 国外价格水平

53) 在国际收支账户中，移民带入一个国家的商品和金融资产包含在：

A) 金融账户

B) 资本账户

C) 经常账户

54) 如果货币利率在y轴上测量，货币数量在x轴上测量，货币供给曲线是：

A) 垂直的

B) 向右下方倾斜

C) 向右上方倾斜

55) 根据费雪效应，以下哪种利率包括预期通货膨胀率的溢价？

A) 短期政府债务收益率和长期公司债务收益率均不包括

B) 短期政府债务收益率和长期公司债务收益率均包括

C) 长期公司债务收益率包括，短期政府债务收益率不包括

56) 一个国家在实际GDP增长的衰退期经历7%的核心通胀率。如果中央银行的单一任务是实现价格稳定，并使用通胀目标制，接受的范围为0至4%，其货币政策反应最有可能减少：

A) 该国货币的汇率价值

B) 短期利率

C) 短期内的GDP增长

57) 在20X5年，迦太基的商品进口价值超过其商品出口价值。在这种情况下，迦太基最有可能拥有以下哪项？

A) 经常账户盈余

B) 贸易平衡盈余

C) 资本账户盈余

58) 进口配额和自愿出口限制的最不可能结果是：

A) 该产品进口量减少

B) 政府收入增加

C) 生产向成本更高的供应商转移

59) 美元兑欧元（USD/EUR）的即期汇率为1.3500，6个月远期点数为-75。6个月远期汇率为：

A) 1.3575，美元处于远期折价

B) 1.3425，美元处于远期折价

C) 1.3425，美元处于远期溢价

60) 假设长期均衡货币市场利率为4%，当前货币市场利率为3%。在当前3%的利率下，将存在：

A) 货币市场货币供应过剩，投资者倾向于成为证券的净买家

B) 货币市场货币需求过剩，投资者倾向于成为证券的净买家

C) 货币市场货币需求过剩，投资者倾向于成为证券的净卖家