

Question 1

Most of the increase in the monetary base between 2008 and 2016 was due to increases in

- A) currency.
- B) bank deposits.
- C) bank reserves.
- D) Treasury bills.

Answer: <https://biology-forums.com/index.php?topic=1819787>

Question 2

As of August 2016, the value of currency in circulation was about

- A) \$1.1 billion.
- B) \$24 billion.
- C) \$1.4 trillion.
- D) \$44 trillion.

Answer: <https://biology-forums.com/index.php?topic=1819744>

Question 3

Which of the following is a possible impact of a global savings glut on a small open economy?

- A) interest rate would increase
- B) interest rate would decrease
- C) domestic savings would increase
- D) domestic investment would increase

Answer: <https://biology-forums.com/index.php?topic=1818620>

Question 4

Which of the following forms the largest share of household holdings of financial assets?

- A) corporate stocks
- B) bonds
- C) pension fund reserves
- D) equity in unincorporated businesses

Answer: <https://biology-forums.com/index.php?topic=1818184>

Question 5

If oranges sell for \$100 per crate in the United States and 4,000 pesos per crate in Mexico, the law of one price indicates that you should be able to exchange \$1 for

- A) 0.025 peso.
- B) 4 pesos.
- C) 40 pesos.
- D) 400 pesos.

Answer: <https://biology-forums.com/index.php?topic=1819042>

Question 6

Which group is hurt by inflation being less than expected?

- A) holders of TIPS
- B) lenders of fixed-rate mortgages
- C) borrowers with fixed-rate mortgages
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=1818480>

Question 7

When prices of new houses rise significantly faster than rent prices, this is evidence of a

- A) debt-deflation process.
- B) bubble.
- C) financial crisis.
- D) sovereign debt crisis.

Answer: <https://biology-forums.com/index.php?topic=1819590>

Question 8

In an efficient market with rational expectations, the actual price of an asset

- A) will equal its expected price.
- B) will often be below its expected price.
- C) will often be above its expected price.
- D) equals its expected price plus a random error term.

Answer: <https://biology-forums.com/index.php?topic=1818798>

Question 9

If a small open economy reduces its budget deficit, the result will be

- A) a lower world real interest rate, but no change in the domestic real interest rate.
- B) a lower domestic real interest rate, but no change in the world real interest rate.
- C) lower domestic and world real interest rates.
- D) no change in either the domestic or world real interest rate.

Answer: <https://biology-forums.com/index.php?topic=1818622>

Question 10

In an effort to increase government revenue, Congress and the president decide to increase the corporate profits tax. The likely result will be

- A) the supply curve for bonds shifts to the left.
- B) the demand curve for bonds shifts to the left.
- C) the equilibrium interest rate rises.
- D) the equilibrium price of bonds falls.

Answer: <https://biology-forums.com/index.php?topic=1818542>

Question 11

Debt instruments are also called

- A) equities.
- B) credit market instruments.
- C) prospectuses.
- D) units of account.

Answer: <https://biology-forums.com/index.php?topic=1818390>

Question 12

When economists refer to the role of money as a standard of deferred payment, they mean that

- A) payments by checks are usually deferred until the checks clear the bank.
- B) money earns interest while loan payments are deferred.
- C) money provides a standard for payments that will occur in the future.
- D) money today is worth less than money tomorrow.

Answer: <https://biology-forums.com/index.php?topic=1818287>

Question 13

Which function of money allows for specialization to take place?

- A) medium of exchange
- B) unit of account
- C) store of value
- D) standard of deferred payment

Answer: <https://biology-forums.com/index.php?topic=1818299>

Question 14

The FOMC states its overall objectives for interest rates in

- A) the Governors' Order.
- B) a policy directive.
- C) the Federal Reserve Bulletin.
- D) the Chairman's Order.

Answer: <https://biology-forums.com/index.php?topic=1819904>

Question 15

Which of the following statements about ACH transactions is FALSE?

- A) They reduce the likelihood of missed payments.
- B) They reduce transactions costs associated with check processing.
- C) They reduce the costs that lenders incur in notifying customers of missed payments.

D) They typically involve digital cash.

Answer: <https://biology-forums.com/index.php?topic=1818321>

Question 16

How is a monopolistically competitive firm likely to respond to fluctuations in demand in the short run?

A) by selling more or less at the posted price

B) by changing prices

C) by reducing menu costs

D) by increasing menu costs

Answer: <https://biology-forums.com/index.php?topic=1820149>

Question 17

Short-term loans between banks are called

A) federal funds.

B) repurchase agreements.

C) repos.

D) discount loans.

Answer: <https://biology-forums.com/index.php?topic=1819263>

Question 18

What are the advantages of bank deposits compared to other types of assets?

Answer: <https://biology-forums.com/index.php?topic=1819308>

Question 19

Members of the Board of Governors are

A) elected by the district bank presidents.

B) appointed by the President of the United States, subject to confirmation by the Senate.

C) appointed by the National Monetary Commission.

D) appointed by the Securities and Exchange Commission, subject to congressional veto.

Answer: <https://biology-forums.com/index.php?topic=1819656>

Question 20

During the financial crisis of 2007-2009, Fed Chairman Ben Bernanke relied on an informal group of three advisors to help make quick decisions on policy actions. Which of the following was NOT one of those advisors?

A) Board of Governors member Donald Kohn

B) New York District Bank president Timothy Geithner

C) Board of Governors member Kevin Warsh

D) Treasury Secretary Henry Paulson

Answer: <https://biology-forums.com/index.php?topic=1819668>