

Question 1

A share of common stock is a claim on a corporation's

- A) earnings and assets.
- B) liabilities.
- C) debt.
- D) expenses.

Answer: <https://biology-forums.com/index.php?topic=369320>

Question 2

Of the three players in the money supply process, most observers agree that the most important player is

- A) the Federal Reserve System.
- B) the United States Treasury.
- C) the FDIC.
- D) the Office of Thrift Supervision.

Answer: <https://biology-forums.com/index.php?topic=370911>

Question 3

If you buy a put option on Treasury futures at 115, and at expiration the market price is 110, the _____ will _____ exercised.

- A) call; be
- B) put; be
- C) call; not be
- D) put; not be

Answer: <https://biology-forums.com/index.php?topic=370760>

Question 4

The riskiness of an asset that is unique to the particular asset is

- A) investment risk.
- B) nonsystematic risk.
- C) systematic risk.
- D) portfolio risk.

Answer: <https://biology-forums.com/index.php?topic=369868>

Question 5

The bond demand curve is _____ sloping, indicating a(n) _____ relationship between the price and quantity demanded of bonds, everything else equal.

- A) upward; direct
- B) upward; inverse
- C) downward; direct
- D) downward; inverse

Answer: <https://biology-forums.com/index.php?topic=369766>

Question 6

Your bank has the following balance sheet

Assets Liabilities

Rate-sensitive \$100 million Rate-sensitive \$75 million

Fixed-rate 100 million Fixed-rate 125 million

What would happen to bank profits if the interest rates in the economy go down? Is there anything that you could do to keep your bank from being so vulnerable to interest rate movements?

Answer: <https://biology-forums.com/index.php?topic=370310>

Question 7

When the financial crisis started in August 2007, inflation was rising and the Fed began an aggressive easing lowering of the federal funds rate, which indicated that

- A) the monetary policy curve shifted upward.
- B) the monetary policy curve shifted downward.
- C) there was a downward movement along the monetary policy curve.

D) there was an upward movement along the monetary policy curve.

Answer: <https://biology-forums.com/index.php?topic=372098>

Question 8

A central bank has _____ chance to identify a credit-driven bubble compared to an irrational exuberance bubble.

A) about the same level of a

B) less of a

C) a greater

D) a greater, less or about the same level of a

Answer: <https://biology-forums.com/index.php?topic=371303>

Question 9

If reserves in the banking system increase by \$100, then checkable deposits will increase by \$667 in the simple model of deposit creation when the required reserve ratio is

A) 0.01.

B) 0.05.

C) 0.15.

D) 0.20.

Answer: <https://biology-forums.com/index.php?topic=370992>

Question 10

What factors have slowed down the movement to a system where all payments are made electronically?

Answer: <https://biology-forums.com/index.php?topic=369608>

Question 11

If the interest rate falls, other things being equal, investment spending will

A) rise.

B) not be affected.

C) fall.

D) either rise, fall, or remain unchanged.

Answer: <https://biology-forums.com/index.php?topic=372030>

Question 12

Net profit after taxes per dollar of equity capital is a basic measure of bank profitability called

A) return on capital.

B) return on equity.

C) return on investment.

D) return on assets.

Answer: <https://biology-forums.com/index.php?topic=370263>

Question 13

The _____ is below the coupon rate when the bond price is _____ its par value.

A) yield to maturity; below

B) discount rate; below

C) discount rate; above

D) yield to maturity; above

Answer: <https://biology-forums.com/index.php?topic=369674>

Question 14

The business term for economies of scope is

A) synergies.

B) diversification.

C) cooperation.

D) economies of scale.

Answer: <https://biology-forums.com/index.php?topic=370530>

Question 15

Suppose that from a new checkable deposit, First National Bank holds two million dollars in vault cash, one million dollars in required reserves, and faces a required reserve ratio of ten percent. Given this information, we can say First National Bank has _____ million dollars on deposit with the Federal Reserve.

- A) one
- B) two
- C) eight
- D) ten

Answer: <https://biology-forums.com/index.php?topic=370933>

Question 16

If the inflation rate in the United States is higher than that in Mexico and productivity is growing at a slower rate in the United States than in Mexico, then, in the long run, _____, everything else held constant.

- A) the Mexican peso will depreciate relative to the U.S. dollar
- B) the Mexican peso will either appreciate, depreciate, or remain constant relative to the U.S. dollar
- C) the Mexican peso will appreciate relative to the U.S. dollar
- D) there will be no effect on the Mexican peso relative to the U.S. dollar

Answer: <https://biology-forums.com/index.php?topic=371412>

Question 17

The Argentine banking crisis of 2001 resulted from Argentina's banks being required to

- A) purchase large amounts of government debt.
- B) make risky real estate loans.
- C) pay back the value of failed loans.
- D) make loans to only state-owned businesses.

Answer: <https://biology-forums.com/index.php?topic=370426>

Question 18

The rate of output at which the price level has no tendency to rise or fall is called the

- A) natural rate of output.
- B) efficient level of output.
- C) bliss point.
- D) potential level of income.

Answer: <https://biology-forums.com/index.php?topic=372213>

Question 19

The existence of lags prevents the instantaneous adjustment of the economy to policies changing aggregate demand, thereby strengthening the case for

- A) demand-management policy.
- B) activists.
- C) supply-side policy.
- D) nonactivists.

Answer: <https://biology-forums.com/index.php?topic=371836>

Question 20

Insurance companies reduce risk exposure in exchange for a portion of their insurance premiums by obtaining

- A) government loan guarantees.
- B) reinsurance.
- C) federal insurance.
- D) bankers acceptances.

Answer: <https://biology-forums.com/index.php?topic=370624>