

# MACROECONOMICS



## Instructions:

Choose the most appropriate answer for the given question.

To generate a new set of questions, click on 'Print'.

## QUESTION-1

Which of the following statements is incorrect

- a) The central bank of a country could raise reserve requirements when it wanted to reduce the money supply
- b) The central bank of a country sets the required ratio of reserves that banks must hold relative to their deposit liabilities
- c) The central bank of a country could lower reserve requirements when it wanted to increase the money supply
- d) The central bank of a country could increase reserve requirements when it wanted to increase the money supply

Answer::: .....

## QUESTION-2

Which of the following statements is incorrect

- a) The yield or interest rate on a bond indicates the perception that investors have about that investment
- b) If the yield on a bond is moving higher, it suggests that investors are demanding a lower rate of interest in return for their investment
- c) If the yield on a bond is moving higher, it suggests that investors are demanding a higher rate of interest in return for their investment
- d) If the yield on a bond is moving higher, it suggests that investors are associating more risk with that bond

Answer::: .....

### QUESTION-3

Which of the following statements is correct

- a) The demand curve shows the quantities of a particular good or service that buyers will be willing and able to purchase at each price
- b) The supply curve shows the quantities of a particular good or service that buyers will be willing and able to purchase at each price
- c) The demand curve shows the quantities that sellers will offer for sale at each price
- d) The supply curve shows the quantities that buyer will offer for buy at each price

Answer::: .....

### QUESTION-4

The ..... relationship between price and quantity demanded and the ..... relationship between price and quantity supplied suggested by conventional demand and supply curves holds true in the market for bonds

- a) Positive, positive
- b) Positive, negative
- c) Negative, positive
- d) Negative, negative

Answer::: .....

### QUESTION-5

Profits distributed to shareholders are called .....

- a) Retained earnings
- b) Stock
- c) Future profits
- d) Dividends

Answer::: .....

### QUESTION-6

Which of the following statements is incorrect

- a) If there is deflation, people would be willing to borrow for long periods
- b) If there is deflation, borrowers become reluctant to borrow for long periods
- c) If there is deflation, the prices at which people can buy goods will drop
- d) If there is deflation, the prices at which people can sell their output will drop

Answer::: .....

### QUESTION-7

For farmers to receive these payments, they had to agree to remove acres from production and to comply with certain ..... provisions. These restrictions sought to reduce the size of the surplus generated by the target price, which acted as a kind of price floor.

- a) Market
- b) Supply
- c) Price
- d) Conservation

Answer::: .....

#### QUESTION-8

When did the inflation rate in the United States peak

- a) 1970
- b) 2000
- c) 1990
- d) 1980

Answer::: .....

#### QUESTION-9

The central bank of a country could..... reserve requirements when it wanted to reduce the money supply

- a) Manipulate
- b) Increase

- c) Half
- d) Lower

Answer::: .....

### QUESTION-10

Which of the following statements is correct

- a) With price floors, consumers pay more for food than they would otherwise
- b) With the target price approach, government does not finance
- c) With price floors, consumers pay less for food than they would otherwise
- d) With the target price approach, consumers pay more

Answer::: .....

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# ----Answer Sheet----

- 1) The central bank of a country could increase reserve requirements when it wanted to increase the money supply
- 2) If the yield on a bond is moving higher, it suggests that investors are demanding a lower rate of interest in return for their investment
- 3) The demand curve shows the quantities of a particular good or service that buyers will be willing and able to purchase at each price
- 4) Negative, positive
- 5) Dividends
- 6) If there is deflation, people would be willing to borrow for long periods
- 7) Conservation
- 8) 1980
- 9) Increase
- 10) With price floors, consumers pay more for food than they would otherwise

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