1. If the interest rate between t and $t+1$ is $i = 10\%$, then
(a) the price at t of a T-bill issued at t that promises to pay €1,000 at $t+1$ is also 10%.
(b) the discount factor is equal to 10%.
(c) by arbitrage the nominal (or face) value of a T-bill is 10%.
(d) None of the above

2. When a central bank purchases financial assets,
(a) a contractionary open market operation is conducted.
(b) the monetary base diminishes.
(c) downward pressure is exerted on the interest rate.
(d) None of the above

3. What could not explain an increase in real GDP per capita?
(a) Population, nominal GDP, and the GDP deflator all fall.
(b) Population and the GDP deflator both grow, but nominal GDP falls.
(c) Population grows, the GDP deflator remains constant, and nominal GDP rises.
(d) None of the above

4. If the liquidity ratio is four times the reserve ratio and the money multiplier is 2, then it is false that
(a) $M0 = 5 \cdot R$, where R designates the banks' reserves.
(b) the amount R of the banks' reserves can be determined.
(c) the liquidity ratio is 2/3.
(d) cash in the hands of the public is four times R.

5. Defining the government budget as outlays minus receipts, which case is possible?
(a) Savings S do not change, the government budget increases, and both investment I and net exports decrease.
(b) Savings S increase, investment I does not change, and the government budget and net exports both decrease.
(c) Savings S decrease, investment I increases, and neither the government budget nor net exports change.
(d) Savings S and investment I do not change, the government budget goes from being balanced to run a deficit (outlays higher than receipts), and net exports go from being balanced to run a surplus.

6. Which sentence is not false?
(a) The expression "financial depth" means that the higher the profitability of a financial asset, the higher the risk of the asset.
(b) Twin deficits occur when the money multiplier divided by the inflation rate minus nominal GDP per capita all multiplied by the discount factor but divided by the price of T-bills is smaller than the CPI minus M1 and divided by the liquidity ratio minus the fallacy of composition.
(c) The most important property of financial assets is being units of account and the most important function of the Eurosystem is to stimulate shadow banking, to reinforce the fragility of the financial sector, or to guarantee a persistent deflation in the eurozone.
(d) The higher the interest rate of an economy, the smaller the corresponding discount factor.

✂

The maximum score (5 points) is obtained by answering five questions correctly

If six questions are answered, evaluation will be with respect to a maximum score of 5 points

Write your answers in minuscule (lower case letter) in only one of the following tables

(Richard, Inés B., and Laura L.: only one table, please; Àngela, Irina, and José Manuel: minuscule, please)

Use Table 1 if you give at most one answer to each question

Use Table 2 if you want to give two answers to some question

No answer: $+0$ · Correct answer: $+1$ · Incorrect answer: $-1/3$

Table 1

1	2	3	4	5	6

No answer: $+0$ · Only one answer: if correct, $+1$; if incorrect, $-1/3$.
Two answers: if one correct, $+1/2$; if none correct, $-1/2$.

Table 2

1	2	3	4	5	6

DNI Number _____ 1st Surname _____ Name _____