

1. If there are no arbitrage opportunities, the exchange rate \$/€ increases, and the exchange rate ¥/€ decreases, then

- (a) the dollar does not appreciate against the yen.
- (b) the exchange rate \$/¥ remains unaltered.
- (c) the yen does not appreciate against the dollar.
- (d) None of the above

2. The price of T-bills when issued is 800. The nominal value of T-bills is 1,000. Assume that the inverse relationship between the price of T-bills and the nominal interest rate holds. If the inflation rate (between the issuance of T-bills and their maturity time) is 30%, then

- (a) the real interest rate is positive but not higher than the nominal interest rate.
- (b) the real interest rate is equal to the nominal interest rate.
- (c) the real interest rate is negative.
- (d) None of the above

3. An example of an expansionary open market operation

- (a) is given by the deposit facility offered by central banks.
- (b) has people buying T-bills from the government.
- (c) is given by the central bank purchasing T-bills from banks.
- (d) has the government selling T-bills to banks.

4. What could not explain a rise in the nominal interest rate?

- (a) A contractionary open market operation conducted at the same time as households sell T-bills.
- (b) A contractionary open market operation conducted at the same time as banks buy T-bills.
- (c) A contractionary open market operation implemented when the government, due to a fall in its budget deficit, reduces the amount of T-bills issued.
- (d) None of the above

5. What could not explain an appreciation of the dollar with respect to the euro?

- (a) A rise in the eurozone inflation rate combined with a fall in the eurozone GDP.
- (b) A fall in the eurozone nominal interest rate combined with a rise in the US inflation rate.
- (c) A rise in the US nominal interest rate combined with a rise in the US GDP.
- (d) A fall in the US nominal interest rate combined with a rise in the US inflation rate.

6. The Fisher equation relates

- (a) spatial arbitrage with triangular arbitrage.
- (b) the discount factor with the nominal interest rate.
- (c) the nominal with the real interest rate.
- (d) the interest rate of the European Central Bank marginal lending facility with the interest rate of the deposit facility.



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

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