

1. In which case does the dollar appreciate and the yen depreciate?
 - (a) Exchange rates go from 2 \$/€ and 3 €/¥ to 4 \$/€ and 6 €/¥.
 - (b) Exchange rates go from 3 \$/€ and 6 €/¥ to 2 \$/€ and 3 €/¥.
 - (c) Exchange rates go from 2 \$/€ and 6 €/¥ to 4 \$/€ and 3 €/¥.
 - (d) None of the above
2. The open economy trilemma, or impossible trinity, asserts that it is not possible to have
 - (a) free mobility of capital, a fixed interest rate and a floating exchange rate.
 - (b) a fixed money multiplier, an independent monetary base and a free money stock.
 - (c) a sovereign government debt, a stable price of financial assets and a fixed exchange rate.
 - (d) None of the above

3. Suppose a fixed exchange rate between dollar and euro of 2 \$/€ has been set and that the market exchange rate is currently $\frac{1}{4}$ €/\$. What intervention in the currency market by the European Central Bank would make the market rate closer to the fixed rate? The European Central Bank
 - (a) buys dollars and sells euros.
 - (b) buys euros and sells dollars.
 - (c) just buys euros.
 - (d) None of the above
4. What could not explain a depreciation of the euro against the dollar?
 - (a) A rise in the price of European financial assets.
 - (b) A rise in the US interest rate.
 - (c) A rise in the European interest rate.
 - (d) None of the above
5. What characterizes a fixed exchange rate regime?
 - (a) The government fixes the price of T-bills.
 - (b) The central bank fixes the money multiplier.
 - (c) Money lenders fix the interest rate.
 - (d) None of the above



Every question has a unique correct answer
 You can provide one or two answers in the table below
 Write your answers in minuscule

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.

1	2	3	4	5