1. If the government budget is balanced (runs neither a surplus nor a deficit), then
(a) net exports **NX** are equal to savings **S**.
(b) net exports **NX** are equal to investment **I**.
(c) investment **I** equals savings **S** if net exports **NX** are zero.
(d) None of the above

2. Financial assets A and B, traded in a secondary market, differ only in three properties: liquidity, rate of return, and risk. If A is more liquid than B
(a) and B is more risky than A, then A's rate of return should be smaller than B's.
(b) and B is less risky than A, then necessarily A and B should have the same rate of return.
(c) and both A and B are equally risky, then A's rate of return should be higher than B's.
(d) None of the above

3. Real GDP went up by 10%, whereas the CPI inflation rate went down by 5%. As a result,
(a) a fall in the GDP deflator inflation rate necessarily took place.
(b) an approximately 5% increase in nominal GDP occurred.
(c) nominal GDP may not have changed.
(d) None of the above

4. Sight deposits are $D = 100$. The bank reserves are $R = 20$. The money multiplier is 3. Then the cash E held by the public
(a) is smaller than 30.
(b) is larger than 40.
(c) is such that the liquidity ratio is smaller than 0.1.
(d) cannot be determined.

5. Which sentence is not false?
(a) GDP per capita is, by definition, a measure of shadow banking activities.
(b) The term "security" refers to bank deposits that are safe.
(c) That an economy runs a trade deficit does not mean that the economy has lending capacity.
(d) The basket of goods on which the CPI is based is larger than the basket of goods corresponding to the GDP deflator.

6. Which sentence is not true?
(a) The expressions "shadow economy" and "shadow banking" have both exactly the same meaning.
(b) Deflation does not mean that the economy is experiencing a reduction in the degree of financial depth.
(c) For sufficiently small rates, the rate of change of real GDP per capita is approximately equal to the rate of change of nominal GDP minus the GDP deflator inflation rate minus the rate of change of population.
(d) The fallacy of composition does not say that M3 cannot be used as a means of payment.

✂

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

Use Table 1 if you give <u>at most one answer to each question</u>

Use Table 2 if you want to give <u>two answers to some question</u>

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

Table 1

1	2	3	4	5	6

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

Table 2

1		2		3		4		5		6	

DNI Number _____ 1st Surname _____ Name _____