

1. What could not explain the simultaneous occurrence of a rise in the equilibrium interest rate and a rise in the equilibrium volume of liquidity?
 - (a) The central bank conducts an expansionary open market operation and the government buys financial assets.
 - (b) The central bank conducts a contractionary open market operation and the government buys financial assets.
 - (c) The central bank conducts a contractionary open market operation and the government sells financial assets.
 - (d) None of the above

2. Financial assets A, B and C differ only in two properties, liquidity and risk.
 - (a) If A is more liquid than B and C is more risky than A, then B and C should be equally liquid.
 - (b) If A is more risky than both B and C, then B is necessarily less risky than C.
 - (c) If A is less liquid than B and B is less liquid than C, then it is to be expected that C be more risky than A.
 - (d) None of the above

3. The central bank has lowered the reserve requirements at the same time as foreign investors have decided to sell the domestic financial assets they own. What is the likely effect on the liquidity market equilibrium?
 - (a) The interest rate rises and the volume of liquidity falls.
 - (b) The volume of liquidity increases and the interest rate could remain constant.
 - (c) The volume of liquidity could remain constant but the interest rate necessarily diminishes.
 - (d) None of the above

4. In every open market operation
 - (a) firms and private investors sell financial assets to the central bank.
 - (b) the central bank purchases financial assets from banks.
 - (c) banks sell financial assets to the government.
 - (d) None of the above

5. As a rule, there is a negative relationship between
 - (a) the money stock and the monetary base.
 - (b) the central bank and the banks.
 - (c) the price of T-bills and 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