Introduction to Macroeconomics · M4 · 26 March 2019

1. Real GDP necessarily increases if
(a) the CPI inflation rate falls.
(b) the GDP deflator inflation rate rises.
(c) nominal GDP remains constant.
(d) None of the above

2. A difference between real GDP and GDP deflator is that
(a) the former is not a measure of aggregate prices, whereas the latter is an inflation rate.
(b) the former is a (selective) measure of aggregate production, whereas the latter is a price index.
(c) the former measures of aggregate production at current prices, whereas measures aggregate production at constant prices.
(d) None of the above

3. The reduction in the number of firms is likely to affect
(a) the aggregate supply function positively and the aggregate demand function negatively.
(b) the aggregate supply function negatively and the aggregate demand function positively.
(c) both the aggregate supply and the aggregate demand functions.
(d) only the aggregate supply function.

4. In the AS-AD model, what change is likely to rise both GDP and the inflation rate?
(a) Foreign firms enter the domestic market
(b) The domestic interest rate falls
(c) The domestic currency appreciates.
(d) None of the above

5. Which sentence is not false?
(a) Reflation is negative inflation
(b) Deflation is positive disinflation
(c) Hyperinflation is never deflation
(d) Deflation means that the inflation rate falls

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 <u>one</u> answer: if correct, $+1$; if incorrect, $-1/3$.
<u>Two</u> answers: if one correct, $+1/2$; if none correct, $-1/2$.

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DNI Number ____________ 1st Surname ____________ Name ____________
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