

Senior Secondary Macroeconomics

Macroeconomics · Answer Key · 8 Questions

1. Under the Reserve Bank of Australia's policy framework, what establishes the floor of the interest rate corridor for overnight interbank funds?

- A) The interest rate paid on Exchange Settlement balances held at the central bank**
- B) The rate charged on standing lending facilities
- C) The yield on Australian 10-year Commonwealth Government Securities
- D) The average overnight indexed swap rate

2. In standard National Income Accounting, which of the following is excluded from the calculation of Gross Domestic Product (GDP)?

- A) Exports of domestically produced education services
- B) Government transfer payments such as unemployment benefits**
- C) Business expenditure on newly manufactured capital equipment
- D) Imputed rent for owner-occupied residential housing

3. In the Balance of Payments framework, where are dividend payments to foreign equity investors and interest on cross-border loans recorded?

- A) Financial Account under direct investment
- B) Capital Account under capital transfers
- C) Current Account under primary income**
- D) Current Account under secondary income

4. In a simple fractional-reserve banking system with no excess reserves held by banks and no currency drain by the public, what is the simple deposit multiplier if the reserve requirement ratio is 8%?

- A) 8.0
- B) 12.5**
- C) 10.0
- D) 0.08

5. In the classical Quantity Theory of Money equation ($MV = PY$), what does the variable V represent?

- A) The total volume of credit created by commercial banks
- B) The velocity of circulation of money**
- C) The volatility of market interest rates
- D) The valuation index of nominal gross domestic product

6. According to macroeconomic theory, what is the geometric shape of the Long-Run Phillips Curve (LRPC) at the natural rate of unemployment (NAIRU)?

- A) Downward sloping, reflecting a permanent trade-off between inflation and unemployment
- B) Horizontal at the central bank's target inflation rate
- C) Vertical at the natural rate of unemployment**
- D) Upward sloping due to supply-side frictions

7. Which of the following operates as an automatic fiscal stabiliser during an economic expansion?

- A) Discretionary government spending increases on public infrastructure
- B) Increased income tax receipts generated by a progressive tax structure**
- C) Central bank open market operations selling treasury bonds
- D) Legislated reductions in corporate income tax rates

8. Which price index formula utilizes fixed base-period quantities to weight prices when measuring changes in the overall price level?

- A) Paasche Index
- B) Fisher Ideal Index
- C) Laspeyres Index**
- D) Hedonic Price Index