Macro Quiz

1. The recent report on durable goods orders in July showed:
   A. An increase in total orders and an increase in non-defense capital goods excluding aircraft.
   B. An increase in total orders and a decrease in non-defense capital goods excluding aircraft.
   C. A decrease in total orders and an increase in non-defense capital goods excluding aircraft.
   D. A decrease in total orders and a decrease in non-defense capital goods excluding aircraft.

2. The U.S. Consumer Price Index for August showed:
   A. a large unexpected decline relative to July.
   B. a large unexpected increase relative to July.
   C. much lower inflation when measured excluding changes in food and energy prices.
   D. continued moderate inflation.

3. The June data for the Conference Board’s index of Consumer Confidence for the U.S., showed:
   A. that the economy is still growing more rapidly than desired.
   B. a third consecutive increase.
   C. a reading below 100 which often forecasts a recession.
   D. an unexpectedly large decline.

4. The biggest contributor to GDP growth in the second quarter of 2006 was:
   A. personal consumption expenditures (C).
   B. gross private domestic investment (I).
   C. net exports (EX-IM).
   D. government (G).

5. An increase in which of the following would lead to a decline in GDP?
   A. Inventories.
   B. Nonresidential Structures.
   C. Federal Nondefense Expenditure.
   D. Imports of Services.

(over)
6. In the U.S., which of the following components grew the most from 1950 to 2000 (as a percent of GDP)?
   A. Durable Goods Consumption.
   B. Exports of Goods and Services.
   C. Residential Investment.
   D. Federal Government Expenditures.

7. If inventories of The Pussycat Doll’s new album increase because no one is buying it, this will lead to
   A. an immediate decline in GDP because consumption is falling.
   B. no change in GDP because inventories are not final goods.
   C. no change in GDP because it will increase and decrease GDP by the same amount.
   D. an increase in GDP from the increase in inventories.

8. The global economy in 2006 is expected to:
   A. begin a long slow contraction as the U.S. economy slows.
   B. rebound from last year’s weak growth.
   C. continue to grow at a strong rate.
   D. be weighed down by weak growth in Japan.

9. So far this year, the U.S. Federal Reserve has
   A. lowered short-term interest rates.
   B. not changed short-term interest rates.
   C. increased short-term interest rates once.
   D. increased short-term interest rates several times.

10. According to your course-pack readings, which of the following is not an impending danger to the health of the world economy:
    A. a significant run-up in the level of business inventories
    B. a substantial decline in housing prices
    C. the continued high cost and insecurity of energy resources
    D. higher interest rates brought on by inflationary pressures