

PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	Which of the following macro economic variables is the most seasonally pro cyclical.	A. Expenditure on services B. The unemployment rate C. Expenditure on durable goods D. The real wage
2	Industries that are extremely sensitive to the business cycle are the.	A. Durable goods and service sectors B. Nondurable goods and service sectors. C. Capital goods and nondurable goods sectors. D. Capital goods and durable goods sectors.
3	Which of the following macroeconomic variables is procyclical and lags the business cycle.	A. Business fixed investment B. Employment C. Stock prices D. Nominal interest rates
4	Which of the following macro economics variables is a cyclical.	A. Real interest rates B. Unemployment C. Money supply D. Consumption
5	Which of the following macro economic variables is procyclical and coincident with the business cycle.	A. Residential investment B. Nominal interest rates C. Industrial production D. Unemployment
6	An economic variable that moves in the opposite direction as aggregate economic activity up in is called.	A. Pro cyclical B. Countercyclical C. A cyclical D. A leading variable
7	An economics variable that moves in the same direction as aggregate economic activity is called.	A. Countercyclical B. Procyclical C. A cyclical D. A leading variable
8	Peaks and trough of the business cycle are known collectively as.	A. Volatility B. Turning points C. Equilibrium point D. Real business cycle events
9	When aggregate economic activity is declining , the economy is said to be in.	A. A contraction B. An expansion C. A trough D. A turning point
10	When aggregate economic activity increasing the economy is said to be in.	A. An expansion B. A contraction C. A peak D. A turning point
11	The low point in the business cycle is referred to as the	A. Expansion B. Boom C. Trough D. Peak
12	The through of a business cycle occurs when _____ hits its lowest point.	A. Inflation B. The money supply C. Aggregate economic activity D. The unemployment rate
13	Which of the following changes shifts the SRAS curve down.	A. An increase in the labor force B. An increase in the money supply C. A decrease in government purchases D. A decrease in firms costs
14	Which of the following changes shifts the long run aggregate supply curve to the right.	A. A demographic change that increases the labor supply B. A decrease in the demand for labor C. A decrease in the price of labor D. A decrease in the price of capital

		C. An increase in consumer confidence D. A decrease in taxes
15	Which of the following changes shifts the SRAS curve up.	A. An increase in the labor force B. A decrease in government purchases C. An increase in firms costs D. An increase in the money supply
16	The long run aggregate supply curve.	A. Is vertical B. Slopes upward C. Is horizontal D. Slopes downward
17	The long run aggregate supply curve	A. Is vertical B. slopes upward C. Is horizontal D. Slopes downward
18	The short run aggregate supply curve the absence of misperceptions.	A. Is vertical B. Slopes upward C. Is horizontal D. Slopes downward
19	Which of the following changes shifts the AD curve up and to the right.	A. A rise in the nominal money supply B. An increase in income taxes C. An increase in the risk on nonmonetary assets D. A decreasing the future marginal productivity of capital.
20	Which of the following changes shifts the AD curve down and to the left.	A. A temporary increase in government purchases. B. A rise in the nominal money supply C. A decrease in corporate taxes D. A decrease in consumer confidence