



CIMAPRA17-BA1-1 Mock Exam

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Question 1

Question Type: MultipleChoice

A research business compiles the following data for Country D over 8 years:

- * Household expenditure, y (in millions of constant 20X6 dollars);
- * The number of fixed broadband internet subscribers, x (in thousands).

Based on this information the following regression model is developed:

$$y = 332668 + 45.8x - 0.003x^2$$

Which option best statements is correct?



Options:

- A- The model is based on historical data, so it is of little use in making forecasts
- B- 1 percent increase in the number of fixed broadband internet subscribers will lead to 0.3 percent increase in household final consumption expenditure.
- C- A non-linear relationship is suggested by the model between household final consumption expenditure and the number of fixed broadband internet subscribers.
- D- The model makes accurate forecasts on household final consumption expenditure in Country and therefore it should be widely applied to most countries and regions.

Answer:

D

Question 2

Question Type: MultipleChoice

If a country were to join a currency union (for example, the European single currency, the Euro), its businesses would experience all of the following except which one?

Options:

- A- Reduced transaction costs on overseas transactions.
- B- Exchange rate certainty.
- C- A common monetary policy.
- D- Reduced price transparency.



Answer:

D

Question 3

Question Type: MultipleChoice

One of the features of an oligopoly market is that the pricing strategy of producers

Options:

- A- is conditioned by the expected reaction of rival producers
- B- tends to ignore expectations about consumer reactions
- C- is constrained by the absence of barriers to entry into the industry
- D- is largely determined by government competition rules

Answer:

A

Question 4

Question Type: MultipleChoice

Which of the following is correct in relation to businesses.

In order to maximise shareholder wealth, the primary objective of a business can be reflected in

- (1) higher investment
- (2) higher sales revenue
- (3) higher share prices
- (4) higher dividend payments.

Options:

- A- (1)and(3)
- B- (3) and (4)

- C- (1)and(2)
- D- (2) and (4)

Answer:

B

Question 5

Question Type: MultipleChoice

If country A imposes a quota on imports from country B, What is the direct effect of the quota?

Options:

- A- The price of imports into country A will rise
- B- The price of imports into country A will fall
- C- The quantity of imports into country A will fall
- D- The quantity of imports into country A will rise

Answer:

C

Question 6

Question Type: MultipleChoice

A business is selling a good with a price inelastic demand. If it decreases the supply of the good the result will be:

Options:

- A- the market price will rise, demand will contract and total revenue will rise
- B- the market price will rise, demand will contract and total revenue will fall
- C- the market price will rise, demand will decrease and total revenue will fall
- D- the market price will fall, demand will increase and total revenue will rise

Answer:

A

Question 7

Question Type: MultipleChoice

Which ONE of the following conditions would lead to instability over time in the incomes of producers of primary products?

Options:

- A- Both demand and supply tend to be price inelastic
- B- Large shifts in demand combined with supply that is price inelastic
- C- Large supply shifts under the impact of unstable weather conditions
- D- Both demand and supply tend to be price elastic

Answer:

B

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