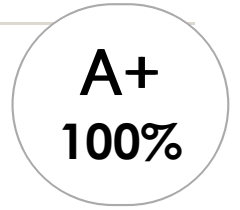


9 Multiple choice questions



1. are the cost of borrowing money expressed as a percentage of the total amount borrowed
 - a. lenders
 - b. borrowers
 - c. the cash rate
 - d. **CORRECT: interest rates**

2. represent the supply of funds and consist of individuals that may have unspent income, business that may have unused profits, governments that may run budget surpluses and international lenders with surplus funds
 - a. liquidity
 - b. M3
 - c. **CORRECT: lenders**
 - d. borrowers

3. includes all currency and all deposits in banks and non-bank financial intermediaries, minus all NBFIs holdings of bank deposits
 - a. **CORRECT: broad money**
 - b. money supply
 - c. borrowers
 - d. liquidity

4. are the actions of the Reserve Bank in short term money market to buy and sell securities, either outright or through repurchase agreements, in order to influence the cash rate and the general level of interest rates
 - a. borrowers
 - b. the cash rate
 - c. **CORRECT: domestic market operations**
 - d. interest rates

5. is the total amount of funds in an economy that can be used as a medium of value and a method of deferred payment; that Reserve Bank's measure of the money supply is M3
- broad money
 - lenders
 - CORRECT: money supply**
 - liquidity
6. is the ease with which a financial asset can be transformed into cash so it can be used as a medium of exchange
- lenders
 - M3
 - CORRECT: liquidity**
 - borrowers
7. is a measure of the money supply that consists of all currency in circulation, bank deposits with the Reserve Bank and private sector deposits in banks
- liquidity
 - CORRECT: M3**
 - lenders
 - borrowers
8. represent the demands for funds in financial markets and include individuals borrowing for housing or consumption, business borrowing for investment, and governments borrowing to finance budget deficits or infrastructure projects
- liquidity
 - broad money
 - CORRECT: borrowers**
 - lenders
9. is the interest rate paid on overnight loans in short term money market
- lenders
 - CORRECT: the cash rate**
 - interest rates
 - broad money