# **IWRAW Asia Pacific Logo**Basic Concepts of Macroeconomics

# Exercises

1. Fill in the blanks.

If a country’s exports are larger than its imports, that country’s economy has a …

If a country’s imports are larger than its exports, that economy has a …

If imports and exports are equal, that means the economy has a …

1. Imagine an economy in which the inflation rate is 5% and nominal interest rate is 12% per year. What is the real interest rate per year?
2. Consumer price index is used to measure …?

a) Inflation rate  
b) GDP  
c) Unemployment

1. What makes the difference between nominal variables vs real variables?

a) Inflation rate   
    b) Interest rate   
    c) Exchange rate

1. Which institution can implement monetary policies?

a) Central bank  
b) Commercial bank  
c) Parliament

1. Sarah is receiving a disability pension, as she’s permanently unable to work due to a work accident. Is she unemployed or not?
2. The unemployment rate in the US hit a very high 24.9% in 1933. This was during the Great Depression, a period of severe economic crisis. By 1941, the unemployment rate went back to 9.9%. What type of unemployment is this?

Answers

1. *Trade surplus, trade deficit, trade balance.*
2. *7 per cent.*
3. *Inflation rate.*
4. *Inflation rate.*
5. *Central bank.*
6. *She is neither employed, nor unemployed.*
7. *Cyclical unemployment.*