

## Chapter 1 - Practice Questions

1. Financial assets \_\_\_\_\_.
  - A) directly contribute to the country's productive capacity
  - B) indirectly contribute to the country's productive capacity
  - C) contribute to the country's productive capacity both directly and indirectly
  - D) do not contribute to the country's productive capacity either directly or indirectly
  - E) are of no value to anyone
  
2. The net wealth of the aggregate economy is equal to the sum of \_\_\_\_\_.
  - A) all financial assets
  - B) all real assets
  - C) all financial and real assets
  - D) all physical assets
  - E) none of the above
  
3. \_\_\_\_\_ are financial assets.
  - A) Bonds
  - B) Machines
  - C) Stocks
  - D) A and C
  - E) A, B and C
  
4. An example of a derivative security is \_\_\_\_\_.
  - A) a common share of General Motors
  - B) a call option on Mobil stock
  - C) a commodity futures contract
  - D) B and C
  - E) A and B
  
5. The over-the-counter securities market is an example of \_\_\_\_\_.
  - A) an auction market
  - B) a brokered market
  - C) a dealer market
  - D) a direct search market
  - E) none of the above
  
6. The means by which individuals hold their claims on real assets in a well-developed economy are
  - A) investment assets.
  - B) depository assets.
  - C) derivative assets
  - D) financial assets.
  - E) exchange-driven assets

## **Answer Key**

1. B
2. B
3. D
4. D
5. C
6. D