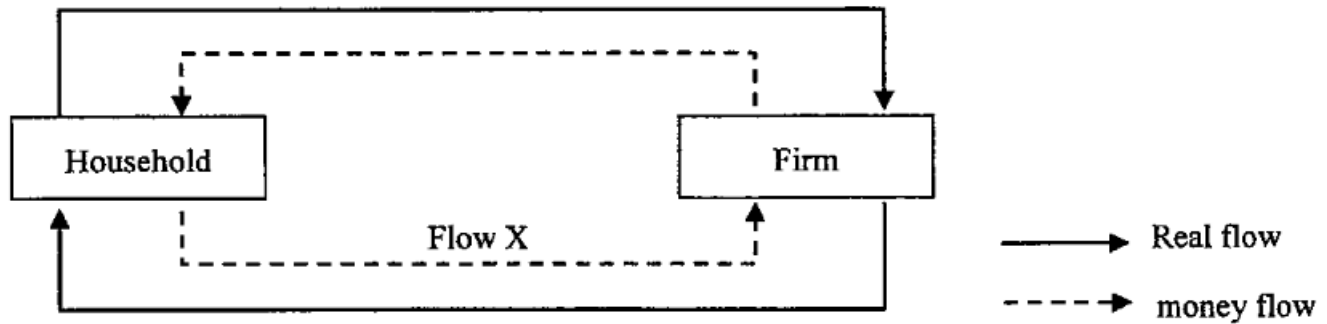


1. 2009MC26

Refer to the following circular flow of Economy A:

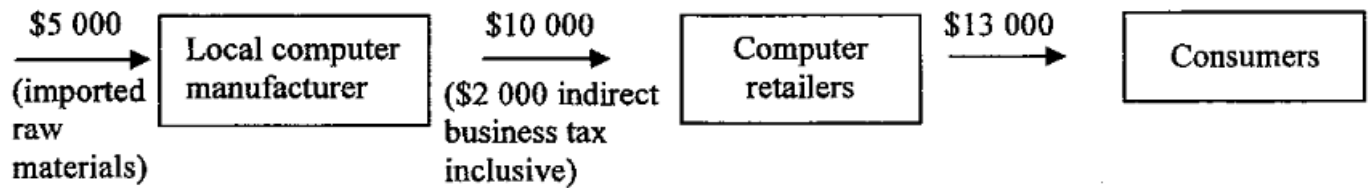


Flow X represents

- A. the total expenditures on all final goods and services.
- B. the total income earned by households from their factors services.
- C. the total value of factor services provided by households to firms.
- D. the total market value of all intermediate and final goods and services.

2. 2009.MC.Q27

The following diagram shows a production chain of computers in an economy. It involves the import of \$5 000 worth of raw materials.



What is the contribution of the above production chain to the economy's gross domestic product(GDP) at factor cost?

- A. \$6 000
- B. \$8 000
- C. \$10 000
- D. \$13 000

3. 2009.MC.Q28

The following table shows the statistical data on an economy.

Components	\$ million
Private consumption expenditure	600
Net domestic fixed capital formation	250
Increase in stock	70
Government consumption expenditure	450
Depreciation	30
Total exports of goods and services	500
Total imports of goods and services	140
Re-exports of goods	100

The GDP at market price is _____ million.

- A. 1 690
- B. 1 730
- C. 1 760
- D. 1 830

4. 2009.MC.Q29

Refer to the following statistical data (in \$million) on an economy.

Year	GDP at current market price	GDP at constant (2000) market prices
2007	142 900	134 200
2008	144 800	132 300

Compared with 2007, the general price level has _____ and the real output of goods and services has _____ in 2008.

- A. increased ... decreased
- B. increased ... increased
- C. decreased ... decreased
- D. decreased ... increased

5. 2009.MC.Q30

Suppose the GDP is greater than the gross national product. This implies that

- A. The net factor income from abroad is positive.
- B. The net factor income from abroad is negative.
- C. The net export is positive.
- D. The net export is negative.

6. 2010.MC.Q26

Study the following table and answer questions 2010.MC.Q26 and 2010.MC.Q27.

GDP Items	\$ billion
Private consumption expenditure	100
Gross domestic fixed capital formation	200
Changes in inventories	-50
Depreciation	10
Government consumption expenditure	150
Transfer payments	20
Indirect taxes	100
Subsidies	40
Net exports of goods and services	-15

The GDP at market price is \$ _____ billion.

- A. 375
- B. 385
- C. 395
- D. 445

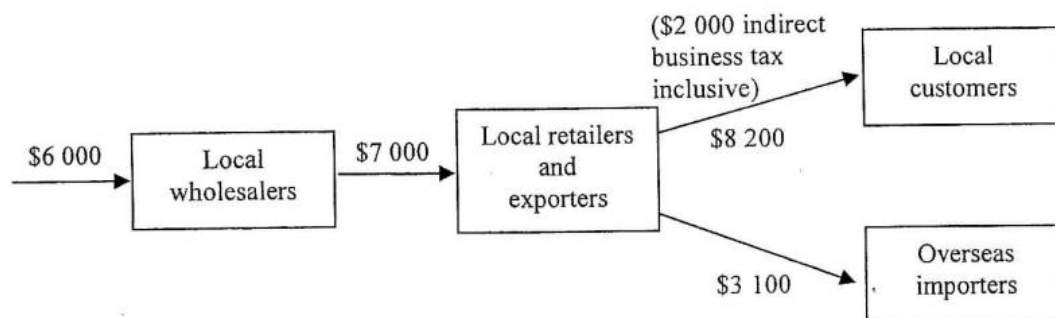
7. 2010.MC.Q27

The GDP at factor cost is \$ _____ billion.

- A. 315
- B. 325
- C. 375
- D. 445

8. 2010.MC.Q28

The following diagram shows a production chain of computers in an economy. It involves the import of \$6 000 worth of raw materials.



What is the contribution of the above production chain to the economy at factor cost?

- A. \$3 300
- B. \$5 300
- C. \$9 300
- D. \$11 300

9. 2010.MC.Q29

The per capita real GDP of a country would overstate the living standard of its people because it

- (1) does not reflect the improvement in the quality of goods and services produced.
- (2) does not reflect the uneven distribution of income.
- (3) does not reflect the undesirable effects of production.
- (4) excludes the calculation of the goods and services not transacted in the market.

- A. (1) and (2) only
- B. (1) and (4) only
- C. (2) and (3) only
- D. (3) and (4) only

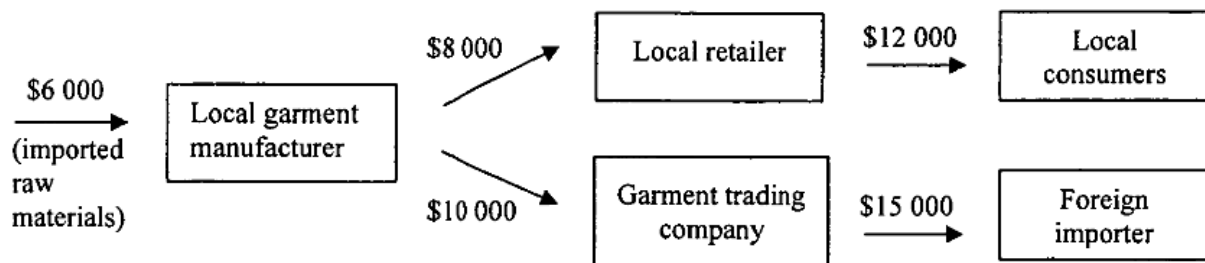
10. 2010.MC.Q30

Which of the following amounts should be deducted from the GDP of Hong Kong in order to calculate the gross national product of Hong Kong?

- A. The rental income received by a mainland investor from his residential apartment in Hong Kong
- B. The dividend received by a Hong Kong resident from his investment in the stock market in the US
- C. The scholarship given by a Hong Kong tycoon to subsidize mainland students to study in Hong Kong
- D. The salary of a Hong Kong resident working in a branch office of a British bank in Hong Kong

11. 2011.MC.Q26

The following diagram shows a production chain of garments in an economy. It also indicates the selling price of the output in different stages of the production. The imported raw materials are worth \$6 000.



Suppose the garment trading company has received \$1 000 export subsidy from the government. What is the contribution of the above production chain to the economy's GDP at factor cost?

- A. \$20 000
- B. \$22 000
- C. \$26 000
- D. \$28 000

12. 2011.MC.Q27

Answer 2011.MC.Q27 by referring to the following statistical data on an economy.

Components	\$Million
Private consumption expenditure	600
Gross domestic fixed capital formation	300
Decrease in stock	40
Government consumption expenditure	550
Depreciation	30
Total export of goods	85
Total export of services	115
Total import of goods	110
Total import of services	50
Re-export of goods	15

The GDP at market price is \$ _____ million.

- A. 1 420
- B. 1 435
- C. 1 450
- D. 1 465

13. 2011.MC.Q29

Which of the following amounts of money should be included in Hong Kong's GDP?

- A. a Hong Kong resident's Renminbi saving deposit in Hong Kong
- B. The rental income earned by a Hong Kong resident from his property in Beijing
- C. The donations of an overseas tourist in Hong Kong
- D. The salary earned by a Japanese who is working for a local airline in Hong Kong

14. 2011.MC.Q31

Which of the following items can be negative in value?

- (1) Net external factor income flow
 - (2) Net exports
 - (3) Net domestic fixed capital formation
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)

15. 2011.MC.Q32

Refer to the following statistical data (in \$million) on an economy.

Year	GDP at current market prices	GDP at constant (2008) market prices
2009	163 000	150 000
2010	170 000	165 000

Compared with 2009, the general price level has _____ and the real output of goods and services has _____ in 2010.

- A. decreased ... increased
- B. decreased ... decreased
- C. increased ... increased
- D. increased ... decreased

16. SP.MC.Q22

Consider the following information about an economy:

	Growth rate (relative to previous year) (%)	
	Year 1	Year 2
Nominal GDP	-3	0
Real GDP	2	1
Population	2	-1

Which of the following about the economy is true?

- A. The real output decreased in year 2.
- B. The per capita nominal GDP decreased in year 2.
- C. The nominal GDP in the above two year is the same.
- D. The general price level decreased in year 1 but increased in year 2.

17. PP.MC.Q20

The following table shows the statistical data of an economy.

Gross Domestic Product (GDP) components	Million (\$)
Private consumption expenditure	400
Government consumption expenditure	250
Net domestic fixed capital formation	300
Decrease in stock	70
Subsidies	120
Capital consumption allowance	50
Net exports	300
Net income from abroad	80
Direct tax	100

The GDP at factor cost is \$ _____ million.

- A. 1 250
- B. 1 270
- C. 1 350
- D. 1 490

18. PP.MC.Q21

If the value of the net external factor income flow (i.e. the net income from abroad) of an economy is negative, it implies that

- A. the capital inflow to the economy is greater than the capital outflow from it.
- B. the gross investment of the economy is smaller than the net investment.
- C. the gross national product of the economy is less than the GDP.
- D. the value of imports of the economy is greater than that of exports.

19. 2012.MC.Q22

Refer to the following table.

Gross Domestic Product (GDP) components	\$ million
Private consumption expenditure	200
Net domestic fixed capital formation	40
Increase in inventory	X
Government consumption expenditure	24
Net exports	10
Indirect taxes	60
Subsidies	30
Depreciation	40
Net factor income from abroad	16

If the GDP at factor cost is \$264 million, the value of X is _____.

- A. -50
- B. -20
- C. 20
- D. 50

20. 2012.MC.Q23

County A's general price level increases by 10% and its aggregate output and population drop by 2% and 10% respectively. As a result, County A's nominal GDP will _____ and the per-capita real GDP will _____.

- A. rise ... rise
- B. rise ... fall
- C. remain unchanged ... rise
- D. remain unchanged ... fall

21. 2013.MC.Q21

Which of the following item is NOT included in the calculation of Hong Kong's net factor income from abroad for the current year?

- A. the income received by a Japanese teacher who worked in a language school in Hong Kong for one year
- B. rental income earned from real estate holdings in Canada owned by a Hong Kong resident
- C. salary received by an Indian consultant who worked for the Hong Kong Airport Authority for three months
- D. dividends earned from shares in Hong Kong held by a US resident

22. 2013.MC.Q22

Consider the following Gross Domestic Product (GDP) data about a economy.

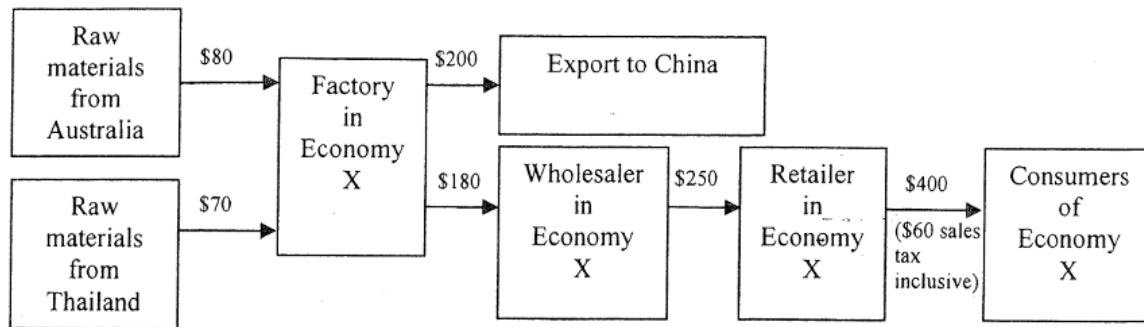
Components	\$ million
GDP at market price	200
Private consumption expenditure	120
Gross domestic fixed capital formation	40
Changes in inventories	10
Total export of goods	80
Domestic export of goods	70
Imports of goods	60
Exports of services	20
Imports of services	30
Net income from abroad	25
Depreciation	35
Indirect business tax	28
Subsidies	18

The government consumption expenditure for that year is \$ _____ million.

- A. 20
- B. 30
- C. 40
- D. 50

23. 2014.MC.Q24

The following diagram shows a production chain of a good in Economy X:



What is the contribution of the production chain to the Gross Domestic Product (GDP) at market price of Economy X?

- A. \$340
- B. \$390
- C. \$450
- D. \$600

24. 2014.MC.Q25

Year	Year-on-year percentage change in nominal GDP	Year-on-year percentage change in nominal government spending
2011	9.0	12.0
2012	5.5	6.0

Based on the about information, which of the following statements are correct?

- (1) The size of the public sector in the economy increased in 2012.
- (2) Both the nominal GDP and the nominal government spending dropped in 2012.
- (3) A drop in both the real GDP and the real government spending was possible in 2012.

- A. (1) and (2) only
- B. (1) and (3) only
- C. (2) and (3) only
- D. (1), (2) and (3)

25. 2014.MC.Q26

Suppose a closed economy produces food and clothing only. The output of Years 1 and 2 are as follows:

Year	Quantity of food (unit)	Unit price of food (\$)	Quantity of clothing (unit)	Unit price of clothing
1	44	5	25	10
2	36	6	22	9

Which of the following statements about the economy are correct?

- (1) The nominal GDP in year 1 is higher than that in year 2.
- (2) The real GDP in year 1 is higher than that in year 2.
- (3) The cost of living in year 1 is higher than that in year 2.

- A. (1) and (2) only
- B. (1) and (3) only
- C. (2) and (3) only
- D. (1), (2) and (3)

26. 2015.MC.Q24

Which of the following would be included in the calculation of Hong Kong's GDP for 2014?

- A. The old age allowance paid by the government in 2014.
- B. The market value of a flat built in 2013 but sold in 2014.
- C. The salary of a salesperson working in a shop selling second-hand handbags in 2014
- D. The rental income from a property in Canada owned by a Hong Kong resident producing unit in 2014

27. 2015.MC.Q25

Refer to the following table about an economy.

	Growth rate (relative to previous year) (%)	
	Year 1	Year 2
Nominal GDP	4	0
General price level	3	1
Population	-1	2

Which of the following statements about the economy is correct?

- A. The per capital nominal GDP in year 2 is the same as that in year 1.
- B. The real output increased in year 2.
- C. The general price level decreased in year 2.
- D. The per capita real GDP decreased in year 2.

28. 2016.MC.Q23

Consider the following Gross Domestic Product (GDP) data about a country:

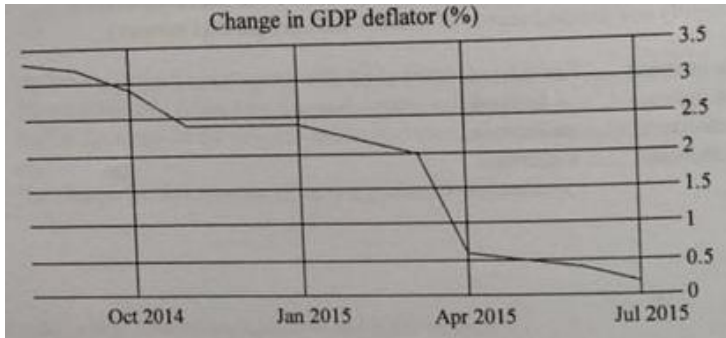
GDP components	Million (\$)
Private consumption expenditure	380
Government consumption expenditure	450
Gross domestic fixed capital formation	230
Decrease in stock	50
Subsidies	30
Depreciation	40
Total exports	130
Total imports	170
Direct taxes	30

The GDP at factor cost is \$_____ million.

- A. 960
- B. 970
- C. 1 000
- D. 1 100

29. 2016.MC.Q24

Study the diagram below.



The diagram shows that during the period from October 2014 to July 2015,

- A. The nominal GDP was falling.
- B. The purchasing power of money was increasing.
- C. The growth rate of real GDP was higher than that of nominal GDP.
- D. The nominal interest rate was higher than the realised real interest rate.

Answer

1	A	11	B	21	A	31.	
2	A	12	C	22	A	32.	
3	C	13	D	23	C	33.	
4	A	14	D	24	B	34.	
5	B	15	A	25	A	35.	
6	B	16	C	26	C	36.	
7	B	17	C	27	D	37.	
8	A	18	C	28	C	38.	
9	C	19	B	29	D	39.	
10	A	20	A	30		40.	