

Math for Business Quiz-2

5 Questions

1. Determine the consumption function that corresponds to the saving function $S=0.4Y+20$

5/17 **A** $C=0.6Y+80$

3/17 **B** $C=0.6Y+20$

7/17 **C** $C=0.6Y-20$

2/17 **D** $C=0.6Y-80$

2. Determine the saving function that corresponds to the consumption function $C=0.8Y+10$

1/16 **A** $S=0.2Y-90$

2/16 **B** $S=0.2Y+90$

2/16 **C** $S=0.2Y+10$

11/16 **D** $S=0.2Y-10$

3. Find the equilibrium level of income and consumption if the consumption function is $C=0.5Y+20$ when planned investment is 15.

1/16 **A** $Y=35$ $C=35$

5/16 **B** $Y=70$ $C=35$

2/16 **C** $Y=70$ $C=35$

8/16 **D** $Y=70$ $C=55$

4. Transpose the formula $Y = \frac{(b+I)}{1-a}$ to express a in terms of Y, b and I.

4/15 **A** $a = \frac{(b+Y)}{I}$

5/15 **B** $a = \frac{(Y-b)}{1-Y}$

6/15 **C** $a = \frac{(1-(b+I))}{Y}$

0/15 **D** $a = \frac{(1-I)}{Y}$

5. An open economy is in equilibrium when

$$Y = C + I + G + X - M$$

where

Y = national income

C = consumption

I = investment

G = government expenditure

X = exports

M = imports

Determine the equilibrium level of income given that

$$C = 0.8Y + 80$$

$$I = 70$$

$$G = 130$$

$$X = 100$$

$$M = 0.2Y + 50$$

5/14 **A** 675

5/14 **B** 825

3/14 **C** 900

1/14 **D** 775