

Macro Module 7 Household nominal income pps mcq practice exam questions

(The attached PDF file has better formatting.)

Question 7.1: Household nominal income

Π = nominal profit of household = 7.37

L = labor supplied by household = 11.87

w = nominal wage rate on labor supplied by household = 4.25 *per annum*

R = nominal rental price = 14.61% *per annum*

P = price level = 1.12

δ = capital depreciation rate = 4.23% *per annum*

K = real capital stock owned by household = 22.77

i = nominal interest rate = 10.67% *per annum*

B = nominal value of bonds owned by household = 8.5

The household *nominal* income is which of the following?

Answer 7.1: $7.37 + 4.25 \times 11.87 + (14.61\% / 1.12 - 4.23\%) \times 1.12 \times 22.77 + 10.67\% \times 8.5 = 60.97$

(household *nominal* income = $\Pi + wL + (R/P - \delta) \times PK + iB$)