

Macro Module 15 real rate of return practice exam questions

(The attached PDF file has better formatting.)

Question 15.1: Real rates of return

- The real return on capital R/P is 22.21%
- The utilization rate of capital (lowercase κ) is 73.33%
- The depreciation rate is 4.77%

What is the real rate of return on bonds?

Answer 15.1: $73.33\% \times 22.21\% - 4.77\% = 11.52\%$

(real rate of return on bonds = real return on capital \times utilization rate of capital – depreciation rate)