FINANCIAL

金融专业
英语证书考试
全真模拟试题集

中级

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中国金融出版社

金融专业英语证书考试
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出 版 说 明

    金融专业英语证书考试（Financial English Certificate Test，FECT）是中国人民银行和原国家教委于 1994 年确立的我国第一个国家级的行业性英语证书考试制度，包括初级和中级两个级别。这一考试制度为甄别金融从业人员的英语综合能力提供了一个很好的标准，同时也为渴望从事金融工作的人提供了一个英语学习的目标和检测手段。FECT 初级考试科目为 1 门——《现代银行业务》；中级考试科目包括 4 门——《经济学》、《银行业务》、《会计学》、《法律》。

    为了帮助广大考生积极应考，我们邀请了具有长期考前辅导经验的高校教师和相关人员编写了 FECT 考试的系列辅导用书，并按照英文版教材，各自单独成册。该系列辅导书的内容，初级包括词汇、难句注释、课文参考译文、练习题及参考答案，以及模拟试题与参考答案，并随书附赠听力光盘 2 张；中级包括专业词汇、背景知识介绍、课文参考译文、练习题及参考答案、模拟试题及参考答案。专业词汇可以省去考生查找字典的时间；背景知识介绍可使考生积累必要的专业知识，以加深对课文的理解；参考译文可帮助考生检验自己对原文的理解，及时解决疑难问题；课后练习和答案让考生检验所学知识和掌握程度，具有较高的参考价值；模拟试题则可以帮助考生进行考前练兵。

    FECT 考试的 5 本应试指导系列教材推出后受到了广大应试人员的热烈欢迎。为了满足广大读者的需求，进一步丰富系列教材的品种，我们在总结经验的基础上，聘请具有多年授课经验的考前辅导班的任课教师编写了《金融专业英语证书考试全真模拟试题集·初级》和《金融专业英语证书考试全真模拟试题集·中级》，以便利考生在考前集中进行全面检测。

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编 写 说 明

为了方便金融专业英语证书考试应试人员进行考前学习和准备，对外经济贸易大学英语学院在长期开办考试辅导班的经验基础上，与中国金融出版社合作，出版了 FECT 考试的系列辅导教材。系列辅导教材推出后受到了广大应试人员的热烈欢迎，经常有读者询问模拟试题的情况，为此，我们又组织培训教师和相关人员组织编写了《金融专业英语证书考试全真模拟试题集·初级》和《金融专业英语证书考试全真模拟试题集·中级》，以便利考生熟悉考试的题型和答题方式，在考前阶段进行自测。

《金融专业英语证书考试全真模拟试题集·中级》由沈素萍主编，由史薇、张翠萍任副主编，编委包括赵惠萍、张平、姜晓梅、苏艳、郑敏。会计学部分的内容由苏艳、郑敏编写。同时，我们还感谢贾惊涛同志为本书编写所做的工作。

编者

2004 年 1 月

目　　录

Financial English Certificate Test
(Medium Stage for Banking)
BASIC ECONOMICS (I)

1. This paper consists of 2 sections.

    Section 1: Answer all questions.   (20 marks)

    Section 2: Answer 4 questions out of 6.   (80 marks)

2. All answers must be written on the answer sheets provided. Question papers and answer sheets should be submitted to the invigilator towards the end of the examination.

3. Non-programmable and silent electronic calculators may be used.

4. Time allowed: 2.5 hours.

5. Pencil scripts will not be accepted.

SECTION ONE

Question 1   **(Total: 20 marks)**

Answer all questions. Read the following statements and choose the best answer by writing the alphabetical letter on the answer sheets.

1. Which of the following will NOT cause a shift in the demand for baseballs?

    (a) Very good weather.

    (b) A decrease in the price of baseball hats.

    (c) The consumers' expectations.

    (d) An increase in the price of baseballs.

2. The price elasticity of demand curve faced by a competitive firm is ____

    (a) 0.   (b) -1.   (c) $-\infty$.   (d) 1.

3. Current deposits are money because they are ____

    (a) legal tender.   (b) fiat money.

    (c) token money.   (d) a medium of exchange.

4. Decreasing returns to scale may arise from ____

    (a) specialization of inputs.

    (b) duplication of plant and equipment at equal cost.

    (c) inefficiencies in management.

    (d) using inputs in unequal proportions.

5. For a profit-maximizing firm, the price level equals its marginal revenue (MR) when ____

(a) in an oligopolistic market.

(b) in a monopolistic situation.

(c) in a perfectly competitive market.

(d) sales rise with the increase in price level.

6. How much is the present value of a property paying $ 300 per year if the interest rate is 6%?

(a) $ 300   (b) $ 283.01   (c) $ 319.15   (d) $ 5000

7. When one country's potential GDP is higher than its real GDP, this means ____

(a) its exports are higher than its imports.

(b) inflation is getting worse.

(c) there exists some unemployment.

(d) None of the above.

8. Assume that there is inflation in the United States and the government pursues a contractionary fiscal policy. The likely effect would be that ____

(a) there would be a lower domestic interest rate and an increase in the demand for dollars that would partially offset the policy.

(b) there would be a depreciation in the value of the dollar and a decrease in net exports that would partially offset the contractionary fiscal policy.

(c) there would be an increase in net exports and an increase in aggregate demand that would partially offset the policy.

(d) there would be a decrease in net exports and a decrease in aggregate demand that would partially reinforce the policy.

Questions 9 and 10 are based on the following consolidated balance sheet for the banking system. All figures are in billions. Assume that the required reserve ratio is 10%.

Assets ($)		Liabilities and net worth ($)	
Reserves	50	Deposits	200
Loans	70	Capital stock	220
Securities	100		
Property	200		
	420		420

9. The maximum amount by which the banking system can expand the supply of money by lending is ____

(a) $ 20 billion.   (b) $ 150 billion.   (c) $ 300 billion.   (d) $ 500 billion.

10. If there is a deposit of $ 20 billion of new currency into the banking system, excess reserves will increase by ____

(a) $ 2 billion.   (b) $ 18 billion.   (c) $ 20 billion.   (d) $ 48 billion.

SECTION TWO

Answer any FOUR of the six questions.

Question 2   (**Total:20 marks**)

Use the information in the table below to answer the following questions concerning a consumer's choice between food and clothing.

Clothing	MUc	MUc/Pc	Food	MUf	MUf/Pf
1	60	6.00	1	115	5.75
2	55		2	105	
3	51		3	98	
4	48		4	94	
5	47		5	92	
6	46		6	90	

(a) Fill in the blanks that remain in the table.

(b) Let income = $ 130, Pf = $ 20, and Pc = $ 10. Does the market basket C = 1 and F = 6 satisfy the budget constraint? Could this be the utility maximizing market basket? If not, in which direction would the consumer like to reallocate his purchases (i.e., more food or more clothing)?

Question 3   (**Total:20 marks**)

A plastics monopolist faces the demand curve $P = 180 - Q$, where Q is measured in thousands of pounds per year and P is measured in dollars per pound. Marginal cost is constant at MC = $ 60 per pound.

(a) Find the monopolist's profit-maximizing price and quantity.

(b) What is the elasticity of demand at the profit-maximizing price?

Question 4   (**Total:20 marks**)

Suppose $Q_D = 100 - 2P$, and $Q_S = -50 + 3P$.

(a) What is the original market equilibrium price and quantity?

(b) The government imposes a tax of $ 1 per unit. Compute the after-tax equilibrium. What are the new equilibrium price and quantity? How much revenue does the government collect?

Question 5   (**Total:20 marks**)

What are the three major functions of money? Describe how drastic inflation can undermine the ability of money to perform these three basic functions.

Question 6　　　　　　　　　　　　　　　　　　　　　　　　　　　（**Total**:**20 marks**）

Consider the following data: Nominal GDP for 1994 was ＄ 6550 billion, as compared to ＄ 6250 billion for 1993. The GDP deflator for 1994 was 102.5, as compared to 100.0 for 1993.

（a）Calculate the rates of growth of nominal GDP and real GDP for 1994.

（b）What was the inflation rate（as measured by the GDP deflator）for 1994?

Question 7　　　　　　　　　　　　　　　　　　　　　　　　　　　（**Total**:**20 marks**）

What is the Phillips curve? What does it purport to show? Why might we be interested in the relationship suggested by the Phillips curve? Explain.

REFERENCE ANSWER(I)

SECTION ONE

Question 1

1.(d)   2.(c)   3. (d)   4. (c)   5. (c)   6. (d)   7. (c)   8. (c)   9. (c)   10. (b)

SECTION TWO

Question 2

(a)

Clothing	MUc	MUc/Pc	Food	MUf	MUf/Pf
1	60	6.00	1	115	5.75
2	55	5.50	2	105	5.10
3	51	5.10	3	98	4.90
4	48	4.80	4	94	4.70
5	47	4.70	5	92	4.60
6	46	4.60	6	90	4.50

(b) Yes, $1 \times 10 + 6 \times 20 = \$130 =$ income, so the budget constraint is satisfied with this market basket. However, this market basket could not be utility maximizing since (MUc/Pc) $= 6 >$ (MUf/Pf) $= 4.5$. The consumer can increase utility by spending more money on clothing.

Question 3

(a) Set MR = MC, or $180 - 2Q = 60$ to find $Q^* = 60$ and $P^* = 180 - 60 = 120$.

(b) The point elasticity of demand at $P^* = 120$ is $E_d = -bP/Q = -1(120/60) = -2$. As is always true with linear demand, the monopolist produces in the elastic portion of the demand curve.

Question 4

(a) Setting $Q_D = Q_S$, the original equilibrium is the solution to $100 - 2P = -50 + 3P$ or $P^* = \$30$ and $Q^* = 40$.

(b) After a $1 tax is imposed, we can solve for the price received by sellers: $100 - 2(P_S + 1) = -50 + 3P_S$ or $P_S^* = 148/5 = \$29.60$. The new quantity is $Q^* = 38.8$. The government collects $\$1 \times 38.8 = \$38.80$.

Question 5

Money acts as (1) a medium of exchange—enabling the purchase of goods and services, (2) a store of wealth—the ability to delay purchase yet maintain wealth, and (3) a unit of account—the

assignment of a monetary value to goods and services permitting a comparison of relative value, both currently and over time.

Drastic inflation refers to a period of rapid escalation in prices, meaning the purchasing power of money plummets. We may observe sellers unwilling to accept money and using it, they find its purchasing power significantly eroded. Then money is not acting as a medium of exchange. When its purchasing power is declining, money is obviously not a good store of wealth. Also in such periods, borrowers benefit at the expense of savers, as they repay dollars that have lower purchasing power than the dollars they initially borrowed, and we may find some prices escalate more rapidly than others. Then money is not functioning as a good unit of account.

If rampant inflation does occur, money ceases to perform its functions well and individuals may turn to barter as a means of organizing the exchange of goods and services. This is an inefficient outcome for the economy.

Question 6

(a) Nominal $GDP_{1993} = \$6250$ billion; and nominal $GDP_{1994} = \$6550$ billion;

The growth rate of nominal GDP for 1994 $= (\$6550b - \$6250b)/\$6250b \times 100\%$
$$= 4.8\%$$

Real $GDP_{1993} = (\$6250b/100.0) \times 100 = \$6250b$

Real $GDP_{1994} = (\$6550b/102.5) \times 100 \approx \$6390.2b$

The growth rate of real GDP for 1994 $= (\$6390.2b - \$6250b)/\$6250b \times 100\% = 2.2\%$

(b) The inflation rate for 1994 $= (102.5 - 100.0)/100.0 \times 100\% = 2.5\%$

Question 7

The Phillips curve depicts an inverse relationship between inflation and the unemployment rate, based on empirical data over the 1950s and 1960s. It purports to show that a stable trade-off exists between unemployment and inflation. The interest in the Phillips curve arises because it presents governments with a dilemma in economic policy. Manipulation of aggregate demand fails to shift the inflation unemployment trade-off; that is the position of the Phillips curve.

Demand management policies only enable a choice to be made about the position of the economy on the Phillips curve—low unemployment and high inflation or, by accepting higher levels of unemployment, lower levels of inflation. Thus the existence of the Phillips curve implies it is impossible to achieve low inflation and full employment simultaneously.

Financial English Certificate Test
(Medium Stage for Banking)
BASIC ECONOMICS (II)

1. This paper consists of 2 sections.

   Section 1: Answer all questions.   (20 marks)

   Section 2: Answer 4 questions out of 6.   (80 marks)

2. All answers must be written on the answer sheets provided. Question papers and answer sheets should be submitted to the invigilator towards the end of the examination.

3. Non-programmable and silent electronic calculators may be used.

4. Time allowed: 2.5 hours.

5. Pencil scripts will not be accepted.

SECTION ONE

Question 1   (**Total: 20 marks**)

Answer all questions. Read the following statements and choose the best answer by writing the alphabetical letter on the answer sheets.

1. If a market is in equilibrium ____

   (a) buyers and sellers can buy and sell all they wish at the current price.

   (b) there is no tendency for the price to rise or fall.

   (c) the quantity supplied equals the quantity demanded.

   (d) All of the above are correct.

2. If the marginal rate of technological substitution (MRTS) is more than the price ratio of labor over capital (w/r), then to minimize cost the firm should ____ the input of capital and ____ the input of labor.

   (a) increase, decrease   (b) decrease, increase

   (c) decrease, decrease   (d) increase, increase

3. Tom cannot tell the difference between Coke and Pepsi. For Tom, these goods are ____

   (a) perfect substitutes.   (b) perfect complements.

   (c) necessities.   (d) None of the above.

4. If the demand for CDs is more elastic than the supply, a $ 3-tax per CD will increase the consumer price by ____

   (a) $ 3.

(b)more than $ 1.50, but less than $ 3.

(c) $ 1.50.

(d)less than $ 1.50.

5. If the price of a good changes, both the substitution effect and the income effect reinforce each other, then the good is a(n) ____

(a)normal good.　　　　　　　　　　　　(b)inferior good.

(c)Giffen good.　　　　　　　　　　　　(d)None of the above.

6. Suppose the economy is running at the level of potential GDP, an increase in government spending in the long run will ____ the price level and ____ the output level.

(a)increase, not change　　　　　　　　(b)increase, increase

(c)increase, decrease　　　　　　　　　(d)decrease, increase

7. The expansionary fiscal policy has ____

(a)lessened the economic recession but increased the government debt.

(b)lessened the economic recession and decreased the government debt.

(c)worsened inflation but decreased the government debt.

(d)lessened inflation but increased the government debt.

8. The possible reason for commercial banks to hold excess reserves is ____

(a)they have attracted too many deposits.

(b)they could not find enough suitable borrowers.

(c)they have borrowed too much from the central bank.

(d)All of the above.

9. Open-market operations refer to ____

(a)loans from commercial banks to corporations and consumers.

(b)inter-bank loans.

(c)changes in interest rates caused by the changes in commercial bank loans.

(d)buying and selling governmental securities by the central bank.

10. A person who is waiting for the return to work belongs to ____

(a)the employed.　　　　　　　　　　　(b)the unemployed.

(c)non-labor force.　　　　　　　　　　(d)those who have lost confidence.

SECTION TWO

Answer any FOUR of the six questions.

Question 2   (**Total: 20 marks**)

The world producer price for baseballs is $ 24 per dozen, and almost all of them are produced outside the U.S. Suppose the U.S demand curve is $Q_D = 100,000 - 2,000P$, where P is price per dozen, and Q is measured in dozens. The U.S domestic supply curve is $Q_S = -10,000 + 1,000P$. (a)Before a tariff is imposed, what is the U.S equilibrium price? Domestic consumption? Domestic

production? Imports?

(b) Congress has decided to help the baseball manufacturing industry for national security reasons, and it imposes a tariff of $ 6 per dozen. What are the new equilibrium price, domestic consumption, domestic production, and imports?

Question 3 (Total:20 marks)

A medium-sized city has two major industries: financial services and manufacturing of electronic equipment. Suppose that restrictions on interstate competition in the market for financial services lead to a large expansion of the financial services sector in the city.

(a) What effect do you predict that this increase in jobs would have on wages and housing prices in the city?

(b) What effect do you think there would be on the manufacturing sector in the city? Would you expect that manufacturing employment would rise or fall?

Question 4 (Total:20 marks)

You are deciding whether to purchase a used car. The price of the car is $ 1,400 and you expect the car to last for four years. You have determined that the value of the flow of services you will receive from the car in each of the four years is $ 500. The interest rate is 20 percent. (Assuming that all figures are real terms.)

(a) Without discounting future cash flows and benefit streams, is the benefit of buying this car greater than the cost?

(b) When costs and benefits are appropriately valued, what is the net present value of this investment? Should you buy the car?

Question 5 (Total:20 marks)

Explain: "Ms Smith diminishes the national income by marrying her cook". In what way is this true by definition of GDP? Is this one of the problems with the use of GDP as a measure of social welfare?

Question 6 (Total:20 marks)

Assume that GDP grew from $ 120 billion in 1994 to $ 160 billion in 1995 and the GDP deflator from 100 in 1994 to 130 in 1995.

(a) Calculate the rate of growth of nominal GDP for 1995.

(b) Calculate the rate of growth of real GDP for 1995.

(c) What is the inflation rate for 1995?

Question 7 (Total:20 marks)

Explain: "Equal increases in government spending and tax revenues of n dollars will increase the equilibrium GDP by n dollars". Does this hold true regardless of the size of the MPS?