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Self-Made Assignment - Advanced Accounting

Money Market and Instruments

Solve this MCQ Questions

1. What is the money market used for?
 - a) Long-term investments
 - b) Buying real estate
 - c) Short-term borrowing and lending
 - d) Stock trading
2. How long do money market instruments usually last?
 - a) More than 5 years
 - b) 1 to 5 years
 - c) Less than 1 year
 - d) 10 years
3. Who uses the money market to manage liquidity?
 - a) Tourists
 - b) Farmers
 - c) Financial institutions
 - d) Students
4. How does the money market help the central bank?
 - a) By printing money
 - b) By controlling taxes
 - c) By influencing short-term interest rates
 - d) By increasing gold reserves
5. Which of the following is a government-issued short-term security?
 - a) Commercial paper
 - b) Treasury bill
 - c) Certificate of deposit
 - d) Repurchase agreement
6. How are Treasury Bills (T-Bills) sold?
 - a) At a premium
 - b) At market price
 - c) At a discount
 - d) At face value
7. What is the typical maturity of T-Bills?
 - a) 5 years
 - b) 91 to 364 days
 - c) 2 years
 - d) 7 years



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8. What is a Certificate of Deposit (CD)?
- a) A stock certificate
 - b) A savings bond
 - c) A time deposit with a bank
 - d) A type of insurance
9. Can you withdraw money from a CD before the term ends without a penalty?
- a) Yes
 - b) No
10. Who usually issues Commercial Paper?
- a) Government
 - b) Small shops
 - c) Large companies
 - d) Banks
11. How long does Commercial Paper usually last?
- a) 1 to 270 days
 - b) 3 to 5 years
 - c) Over 1 year
 - d) 10 days only
12. What is a Repurchase Agreement (Repo)?
- a) A stock purchase
 - b) A type of loan with a buy-back promise
 - c) A government tax
 - d) A pension plan
13. Who uses Repos the most?
- a) Tourists
 - b) Farmers
 - c) Financial institutions and banks
 - d) School teachers
14. How long does a typical Repo last?
- a) 10 years
 - b) Overnight or a few days
 - c) 1 year
 - d) 5 months
15. What is a main benefit of the money market for investors?
- a) High risk

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- ~~b) Long-term gain~~ ---
c) Safe short-term investments
d) Free goods

