1. In the Buying Power Formula, $\frac{100i}{100+i}$, i is the _____.
    A) interest rate
    B) inflation rate
    C) investment rate
    D) income rate

2. In the Inflation Formula, $\frac{100B}{100-B}$, B is the decrease in buying power expressed as a:
    A) percent
    B) decimal
    C) exponent
    D) logarithm

3. The Consumer Price Index (CPI) is a measure of the average price paid by urban consumers for a "market basket" of consumer goods and services.
    A) True
    B) False

4. An increase in prices is referred to as:
    A) a spike
    B) deflation
    C) a bull market
    D) inflation

5. Inflation reflects a(n) _____ of the purchasing power of the consumer's dollar.
    A) increase
    B) decrease
    C) stabilization
    D) stimulus

6. Inflation rate is measured by the percentage change in the CPI.
    A) True
    B) False

7. Suppose the rate of inflation this year is 4.5%. What is the percentage decrease in the buying power of a dollar?
   A) 4.3%
   B) 4.5%
   C) 4.7%
   D) 4.9%

8. The rate of inflation in Ethiopia was 41% in 2008. What was the percentage decrease that year in the buying power of the *birr* (the currency of Ethiopia)?
   A) 41.0%
   B) 29.1%
   C) 69.5%
   D) 37.5%

9. Suppose the buying power of the dollar decreases by 6.7% this year. What is the rate of inflation this year?
   A) 6.3%
   B) 6.7%
   C) 7.6%
   D) 7.2%

10. Suppose the stock of Microsoft increases in value by $5 per share. If all other Dow stock prices remain unchanged, how does this affect the DJIA?
   A) 37.80 points up
   B) 30.24 points up
   C) 22.68 points up
   D) 15.12 points up

11. Below is the 2010 Tax Table for Singles.

2010 Tax Table for Singles				
If Taxable Income		The Tax Is		
Is over	But not over	This amount	Plus this %	Of the excess over
$0	$8.375	---	10%	$0
8,375	34,000	$837.50	15%	8,375
34,000	82,400	4,681.25	25%	34,000
82,400	171,850	16,781.25	28%	82,400
171,850	373,650	41,827.25	33%	171,850
373,650	---	108,421.25	35%	373,650

If in 2010 Jason was single and had a taxable income of $80,000, how much tax did he owe?
A) $4,681.25
B) $16,181.25
C) $11,500.00
D) $34,000.00

12. Below is the 2010 Tax Table for Singles.

2010 Tax Table for Singles				
If Taxable Income		The Tax Is		
Is over	But not over	This amount	Plus this %	Of the excess over
$0	$8.375	---	10%	$0
8,375	34,000	$837.50	15%	8,375
34,000	82,400	4,681.25	25%	34,000
82,400	171,850	16,781.25	28%	82,400
171,850	373,650	41,827.25	33%	171,850
373,650	---	108,421.25	35%	373,650

In 2010 Alexa was single and had a total income of $36,000. She took a deduction of $5000 and had a tax credit of $1250. Calculate the tax owed by Alexa.
A) $4231.25
B) $4043.75
C) $2981.25
D) $4462.50

13. Below is the 2010 Tax Table for Married Couples Filing Jointly.

2010 Tax Table for Married Couples Filing Jointly				
If Taxable Income		The Tax Is		
Is over	But not over	This amount	Plus this %	Of the excess over
$0	$16,750	---	10%	$0
16,750	68,000	$1,675.00	15%	16,750
68,000	137,300	9,362.50	25%	68,000
137,300	209,250	26,687.50	28%	137,300
209,250	373,650	46,833.50	33%	209,250
373,650	---	101,085.50	35%	373,650

In 2010 Will had a taxable income of $45,000 and his wife Jill had a taxable income of $50,000. If they filed jointly, how much tax did they owe?
A) $16,112.50
B) $23,750.00
C) $9,362.50
D) $11,703.13

14. Below is the 2010 Tax Table for Married Couples Filing Jointly.

2010 Tax Table for Married Couples Filing Jointly				
If Taxable Income		The Tax Is		
Is over	But not over	This amount	Plus this %	Of the excess over
$0	$16,750	---	10%	$0
16,750	68,000	$1,675.00	15%	16,750
68,000	137,300	9,362.50	25%	68,000
137,300	209,250	26,687.50	28%	137,300
209,250	373,650	46,833.50	33%	209,250
373,650	---	101,085.50	35%	373,650

In 2010 Jackie and Bob had a joint income of $156,000. They took a total deduction of $15,000 and had a tax credit of $2500. If they filed jointly, how much tax did they owe?
A) $27,980.00
B) $27,023.50
C) $32,480.00
D) $25,223.50

15. Supposed that prices increase 2.5% each year for 10 years. How much will a jacket that costs $100 today cost in 10 years? *Hint*: Think of the cost as the balance in a savings account with an APY of 2.5% and an initial investment of $100.

16. Below is a hypothetical CPI table. Fill in the missing inflation rates. Round your answers to the nearest tenth of a percent.

Year	Hypothetical CPI	Inflation Rate
1948	10	---
1949	15	
1950	25	
1951	50	