Quizlet Economics Pre-Test

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1. If you borrow \$100 dollars at 5% annual interest how much money will you owe after 2 years?	\$110.25
2. If you borrow \$100 dollars at 5% interest compounded monthly how much money will you owe after 1 year? Round to the nearest dollar	\$180.00
3. What are the basic expenses of a family?	Answers will vary. May include answers such as mortgage, car payment, gas, groceries, utilities, cable, electric, water, ect.
4. What are the factors of production?	land, labor, capital and entrepreneurship
5. What is a complementary good?	A good that has a demand increase when the price of another good is decreased.
6. What is a loan?	An amount of money borrowed to be repaid at interest.
7. What is the difference between compounded interest and interest?	Compounded interest is computer on the amount saved plus the interest previously earned while interest is just a percentage of the amount borrowed.
8. Why is it important to have a budget?	Answers will vary.