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Test Series

Self-Made Assignment - Advance Accounting

Types of Financial Market

Answer the following MCQ Questions:

- 1) Which market is primarily used for long-term investments like stocks and bonds?
  - a) Money Market
  - b) Capital Market
  - c) Commodity Market
- 2) Where are new securities issued for the first time?
  - a) Secondary Market
  - b) Futures Market
  - c) Primary Market
- 3) What is traded in the money market?
  - a) Long-term equities
  - b) Short-term debt instruments
  - c) Real estate
- 4) Which instrument is NOT commonly found in the money market?
  - a) Treasury Bills
  - b) Stocks
  - c) Commercial Paper
- 5) What is the main purpose of the money market?
  - a) Long-term investment
  - b) Commodity trading
  - c) Managing short-term liquidity
- 6) Which of the following is a hard commodity?
  - a) Sugar
  - b) Wheat
  - c) Gold
- 7) Which market helps businesses hedge against price fluctuations in raw materials?
  - a) Forex Market
  - b) Commodity Market
  - c) Insurance Market
- 8) What is the Forex market used for?
  - a) Trading insurance contracts
  - b) Buying and selling currencies

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c) Investing in commodities

9) Which market is the largest in terms of trading volume globally?

- a) Capital Market
- b) Forex Market
- c) Insurance Market

10) Why is the Forex market important?

- a) It helps manage agricultural production.
- b) It determines interest rates.
- c) It facilitates international trade and investment

11) Which of the following is a type of insurance?

- a) Commodity Insurance
- b) Life Insurance
- c) Currency Insurance

12) What does property and casualty insurance typically cover?

- a) Currency loss
- b) Stock market decline
- c) Damage to property and legal liabilities

13) Why is the insurance market important to the economy?

- a) It helps determine currency exchange rates.
- b) It protects against financial risks
- c) It raises capital for governments.

14) Which of the following markets is most concerned with managing risk rather than trading?

- a) Money Market
- b) Insurance Market
- c) Forex Market

15) Which of these instruments is issued by companies in the money market?

- a) Commercial Paper
- b) Treasury Bills
- c) Bonds

16) Which segment of the capital market deals with buying and selling existing securities?

- a) Primary Market
- b) Secondary Market

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c) Futures Market

17) What type of financial instrument is a Certificate of Deposit (CD)?

- a) Equity
- b) Short-term fixed-income instrument
- c) Insurance product

18) Which financial market helps companies raise funds for long-term projects?

- a) Insurance Market
- b) Capital Market
- c) Money Market

19) In which market are currency exchange rates primarily determined?

- a) Commodity Market
- b) Forex Market
- c) Money Market

20) Which of the following best describes the futures market in commodities?

- a) Trade commodities for immediate delivery
- b) Trade contracts for future delivery at a predetermined price
- c) Trade insurance contracts



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