53 FIXED-INCOME MARKETS FOR GOVERNMENT ISSUERS

1. Bonds issued by the International Monetary Fund (IMF) are most accurately described as:
   (A) supranational bonds.
   (B) non-sovereign government bonds.
   (C) quasi-government bonds.

2. Relative to the yields on nonsovereign bonds, sovereign bond yields may be lower because of the:
   (A) requirement to distribute them in an auction format.
   (B) greater risk associated with their issuers.
   (C) regulatory requirements, forcing some financial institutions to hold government debt.

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3. In an auction to issue sovereign bonds, the bonds are allocated first to:
   (A) competitive bidders starting with the highest yield.
   (B) noncompetitive bidders.
   (C) competitive bidders starting with the lowest yield.

4. The cutoff yield associated with a government bond issuance is best described as the yield of the successful competitive bid with the:
   (A) lowest price.
   (B) highest price.
   (C) median price.

5. Fixed income classifications by geography most likely include:
   (A) emerging market bonds.
   (B) municipal bonds.
   (C) supranational bonds.

6. The Federal Reserve Bank of the United States will most likely work with primary dealers to enact which of the following transactions?
   (A) Contractionary fiscal policy through the decrease in government spending.
   (B) Expansionary monetary policy through the purchase of Treasury securities.
   (C) Expansionary monetary policy through the sale of Treasury securities.

7. PD Bank is a primary dealer that submits bids for third parties at public auctions. The bids are most likely for the purchase of debt securities issued by:
   (A) not-for-profit organizations.
   (B) government entities.
   (C) corporations.

8. A government entity is using a single-price auction to issue new debt in the hopes of minimizing yield volatility. The price that all investors will pay under this format is associated with the:
   (A) cutoff yield.
   (B) highest price offered.
   (C) average yield to maturity