

## CFA® SAMPLE QUESTION - LEVEL I

### Economics

**Q:** New government regulations have increased the cost of labor, resulting in inflation. This inflation could best be described as:

**CORRECT ANSWER:**

**(b) Cost-push.**

The two general sources of inflation are cost-push and demand-pull. Inflation caused by increased cost of labor falls into the cost-push category.

Choice "a" is incorrect. The general sources of inflation are cost-push and demand-pull.

Choice "c" is incorrect. Demand-pull inflation is caused by increased aggregate demand. Increasing the cost of labor would not increase demand.



CFA Society Hong Kong  
Candidate Services

