

## The Money Multiplier Formula

### Drill Set 3

1. With initial excess reserves of \$5,000 dollars and the  $\Delta M1$  \$25,000, what is the multiplier?
2. With a  $\Delta$ deposit of \$1000 and a reserve requirement of .1, how much must be kept by the bank?
3. With a  $\Delta$ deposit of \$20,000 a bank has \$2,000 of excess reserves to lend. What is the reserve requirement?
4. A bank receives a new deposit of \$75,000. The rr is 25%. What is the  $\Delta M1$ ?
5. With initial excess reserves of 600 dollars and a reserve requirement of 20%, how much will  $\Delta M1$ ?
6. With initial excess reserves of \$300 dollars and a reserve requirement of .05, how much will be added to M1 altogether?
7. With a deposit of \$7000 and a reserve requirement of 15% how much could be lent out by the bank?
8. With a deposit of \$110 and a reserve requirement of 10% how much could be lent out by the bank?
9. With initial excess reserves of \$300 and a reserve requirement of 5%, how much will be added to M1 altogether?
10. The reserve requirement is .05 and the  $\Delta M1$  is \$6,000, what is the initial excess reserve?