

## Graphing Potpourri Drill Set 3

Create graphs appropriate for the following situations.

1. Show an economy at full employment equilibrium.
2. The Fed raises the discount rate. Show the money market.
3. \$9000.00 is deposited in the bank and the reserve ration is 20%. How much can be lent out by the bank? If the process continues, how much will the banking system create all together?
4. What happens in the loanable funds market if people decrease their spending (income remains constant)? Show it.
5. The Fed addresses high inflation. What happens in the money market?
6. The Fed addresses high inflation. What happens to long-run output?
7. The price of pork decreases. What will happen in the chicken market?
8. The government borrows more money. What happens in the money market?
9. The Fed. Buys \$6000.00 in bonds from the banks and the reserve ration is 5%. If the bank lend out this money and the process continues, how much  $\Delta M1$  all together?
10. The rate of unemployment is 10%. What is the gap in GDP? Graph it.