

## Final Overview

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- ▶ 1 hour and 50 minutes. It is cumulative.
- ▶ Post-midterm #2 material. . .
  - 8 multiple choice. 2 long-form questions.
  - Note: There are many concepts from the previous modules that carry over and are applied in this module.
- ▶ Pre-midterm #2 material. . .
  - **Four multiple choice.** It will ask about general principals you should understand.
  - **One long-form question.** It will be on short-run model (Chap 3, Mankiw) and/or long-run growth. It may connect with post-midterm #2 concepts.
  - How to prepare for this? Focus on (i) stuff discussed in class (ii) in class handouts (iii) questions on previous midterm/practice midterm.

## Things We Have Covered

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### ► Money

- Money creation by the fed; its interactions with banks; money multiplier.
- Chapter 4 Mankiw

### ► Inflation

- Key issue here is quantity theory. This is our aggregate demand curve; also used extensively in exchange rates. Winners and losers from inflation.
- Chapter 5 Mankiw

## Things We Have Covered

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### ► AD/AS

- Aggregate demand and how money affects aggregate demand.
- Short-and long-run aggregate supply. How the economy changes to push everything back to a long-run equilibrium.
- Connection of short-run equilibrium with booms and recessions; periods of high or low unemployment via Okun's law.
- Chapter 10.

### ► Monetary policy in AD/AS

- How the FED/ECB should respond to various shocks (demand and supply). The mechanics behind the response (i.e. how money supply changes, interest rates change, etc.)
- The Taylor rule.
- Chapter 10, Taylor rule notes. In class handouts.

## Details

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- ▶ Location: 206 Silver Center for Arts & Science, 100 Washington Sq East. Will post details on course website.
- ▶ Start: Friday, May 11th  $\approx$  8:00 AM, so be on time!
- ▶ It will take 110 minutes.
- ▶ You can use one sheet of notes: letter paper, both sides, any size type you like.
- ▶ You may also use a calculator, but may not use any device capable of wireless transmission. Proximity to any such device during the exam will be treated as a violation of the honor code.
- ▶ When time is up, time is up. Please be respectful of your classmates and myself and hand in the exam when asked.

THANK YOU FOR A GREAT SEMESTER!!!