

ECO102 Principles of Macroeconomics

Assignment 6: FRED

Due Date: Monday, March 27th, 2023

In Lecture 8 we discussed the role of the government. The purpose of this assignment is for you to use FRED to take a closer look at several issues of fiscal and monetary policy of the United States.

1. Find in FRED the series “Government social benefits to persons: Unemployment insurance” for the years 1960:1 – 2019:12.
 - a. Briefly discuss what you see around recessions. Does this confirm what we discussed in the book and the lectures about the nature of automatic stabilizers?
 - b. If you were to present this information in a graph, is this the best way, or would you present the information differently? Create an informative figure for the years 1960:1 – 2019:12 and put it in the answer. Discuss briefly your choice for this graph (bonus points for creativity).
 - c. Have a look at the Covid years, 2020:1-2023:1. How would you present this information? Create a graph of this period as well.
2. Find the series “Federal Debt: Total Public Debt as Percent of Gross Domestic Product” for the years 1966:1-2022:10. Look at the recessions in the data, is there a pattern that you see between recessions and this series? Briefly discuss what you see (no graph needed).
3. Now find the series Federal Surplus or Deficit as a percentage of GDP for the longest time period you can find. What do you see in recessions? Briefly discuss what you see with the textbook/lecture notes in mind (no graph needed).
4. Looking at your answers at 2 and 3 together, you may be wondering why the debt-to-GDP ratio is not always rising after periods of public deficits. Can you identify a couple of episodes where this is the case? What could be the reason for that? Can you show evidence for your intuition here?
5. Plot the time series “Federal funds (effective) rate” for the longest time period you can find and show the graph. What do you see in recessions here? What does that tell you about monetary policy?
6. Finally plot the series “Moody's Seasoned Baa Corporate Bond Minus Federal Funds Rate” for the longest time period you can find and show the graph. Explain why you can think of this series as the risk premium. How does the risk premium change in recessions? When was the risk premium the highest?

For the submission: The assignment should be written in one document and submitted in two ways: through the Crowdmark link that was sent to the student AND through Quercus assignments for the plagiarism check. The document has to be in a .pdf or .jpeg format to be submitted; thus if it is written in Word, please convert it into one of these two formats.

When it says “explain briefly” that means less than 10 lines.

Deadline is 11:59pm EDT on Monday March 27th, 2023, with a 16 minute grace period for uploading.

The assignment is individual: you may discuss the questions with other students, but the answers need to be formulated and written by you.

Assignment Project Exam Help

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