

## 7SSPN231 – 2025/26 – Seminar 2

- 1) What is the expected effect of a decrease in the interest rate on employment and inflation? What are the mechanisms that produce this result?
- 2) Explain the difference between the *nominal* and the *real* interest rate.
- 3) Explain the difference between the *ex-ante* (or expected) and *ex-post* (or realized) real interest rate.
- 4) What does it mean for a Central Bank to have a *dual* vs. a *single* mandate?
- 5) Explain what is the overnight interbank-rate, and how it is called in the UK.
- 6) Explain the technique used by the Bank of England to control the overnight interbank rate in the UK.
- 7) Explain what quantitative easing is.