

INSTRUCTIONS: Answer the following questions. Write legibly, take a high quality scan of your responses, compile all pages into one pdf, and upload only one pdf document to Canvas by **11:59pm (PDT), Sunday, June 7.**

Graph 1: the impact on fed funds rate of an open market sale

- (1) Left-hand-plot: vertical section of supply curve initially intersects demand curve at downward-sloped section
- (2) Right-hand-plot: vertical section of supply curve initially intersects demand curve at flat section



Graph 2: the impact on fed funds rate of an increase in the discount rate

- (1) Left-hand-plot: the vertical section of the supply curve intersects the demand curve at the downward-sloped section
- (2) Right-hand-plot: the flat section of the supply curve intersects the demand curve at the downward-sloped section



Graph 3: the impact on fed funds rate of a decrease in the required reserve ratio

The vertical section of the supply curve intersects the demand curve at the downward-sloped section



Graph 4: the impact on fed funds rate of a decrease in the interest rate on reserves

- (1) Left-hand-plot: the vertical section of the supply curve intersects the demand curve at the downward-sloped section
- (2) Right-hand-plot: the vertical section of the supply curve intersects the demand curve at the flat section

