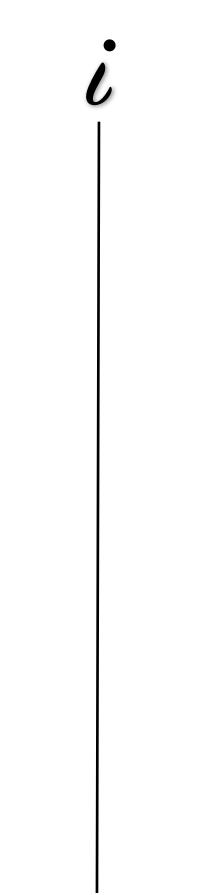
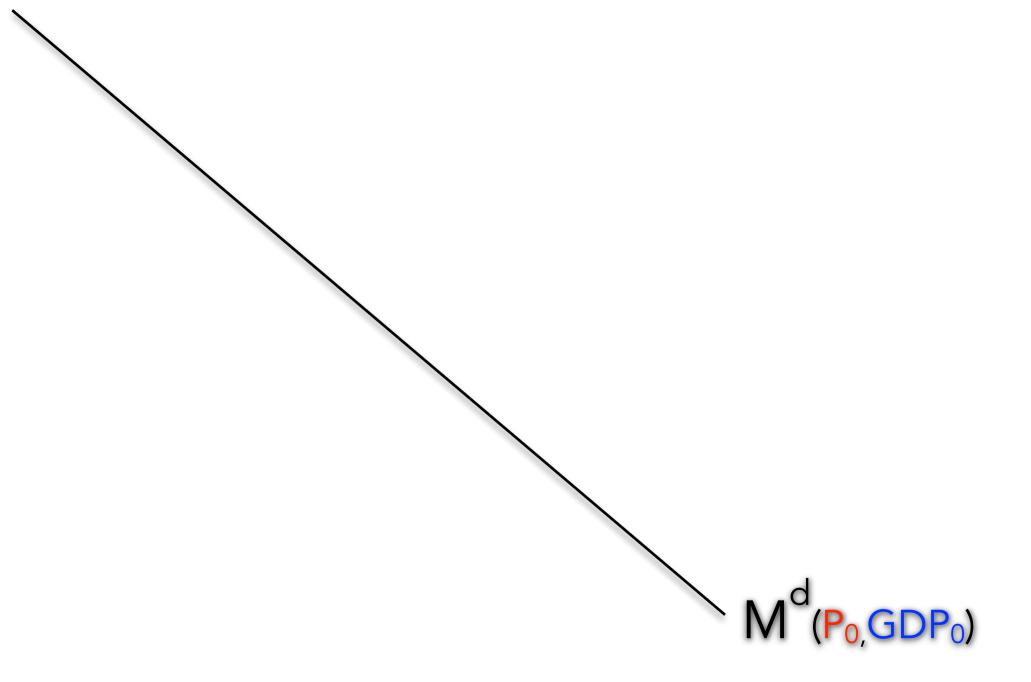


The Money Supply

M is the amount of currency + deposits the public actually holds = 900b

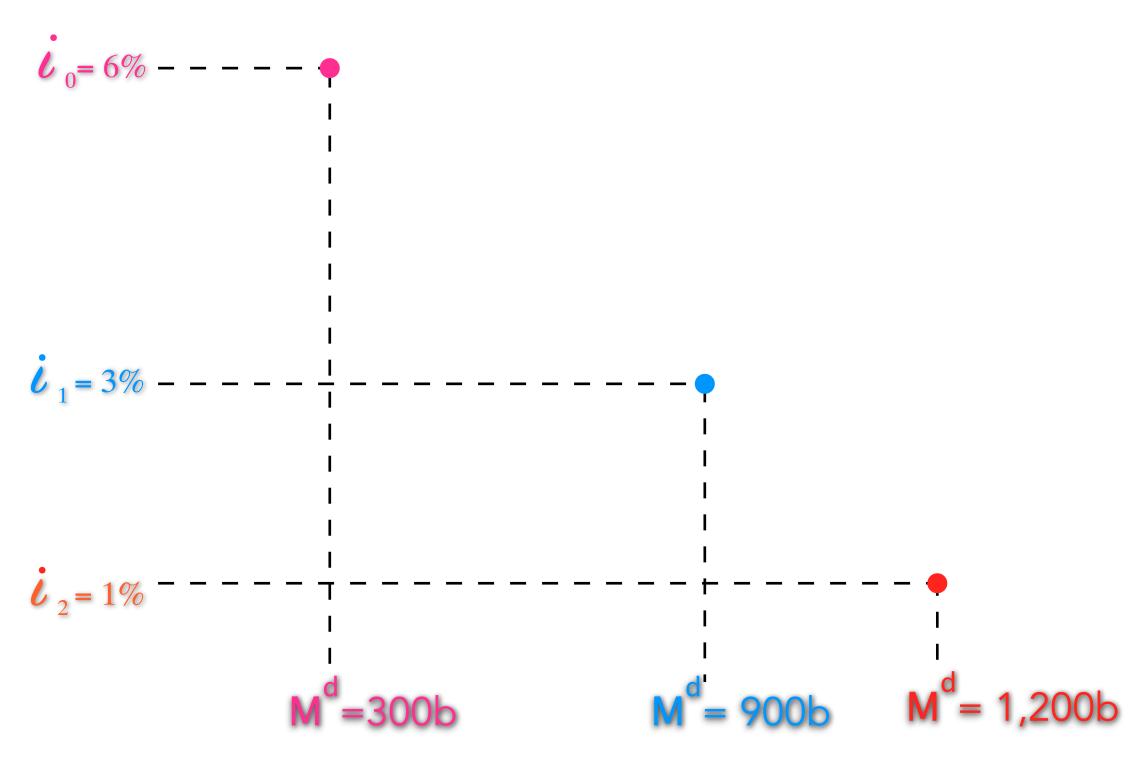
The Money Supply is determined by the Fed





The Money Demand

The Money
Demand is
determined by:
Interest rate (i)
Price Level (P)
and
GDP



The Money Supply

The Money Demand

