





Currency + Deposits

Feedseels Bonds:

M^s shifts left



M_0^S





M_1^S

Money Supply $M^s =$ Deposits + Currency

Reserves



Loans



Deposits



M^S




Interest Rate
to the
Public

The Money Market

M^s = 9000

$M^s = 700$

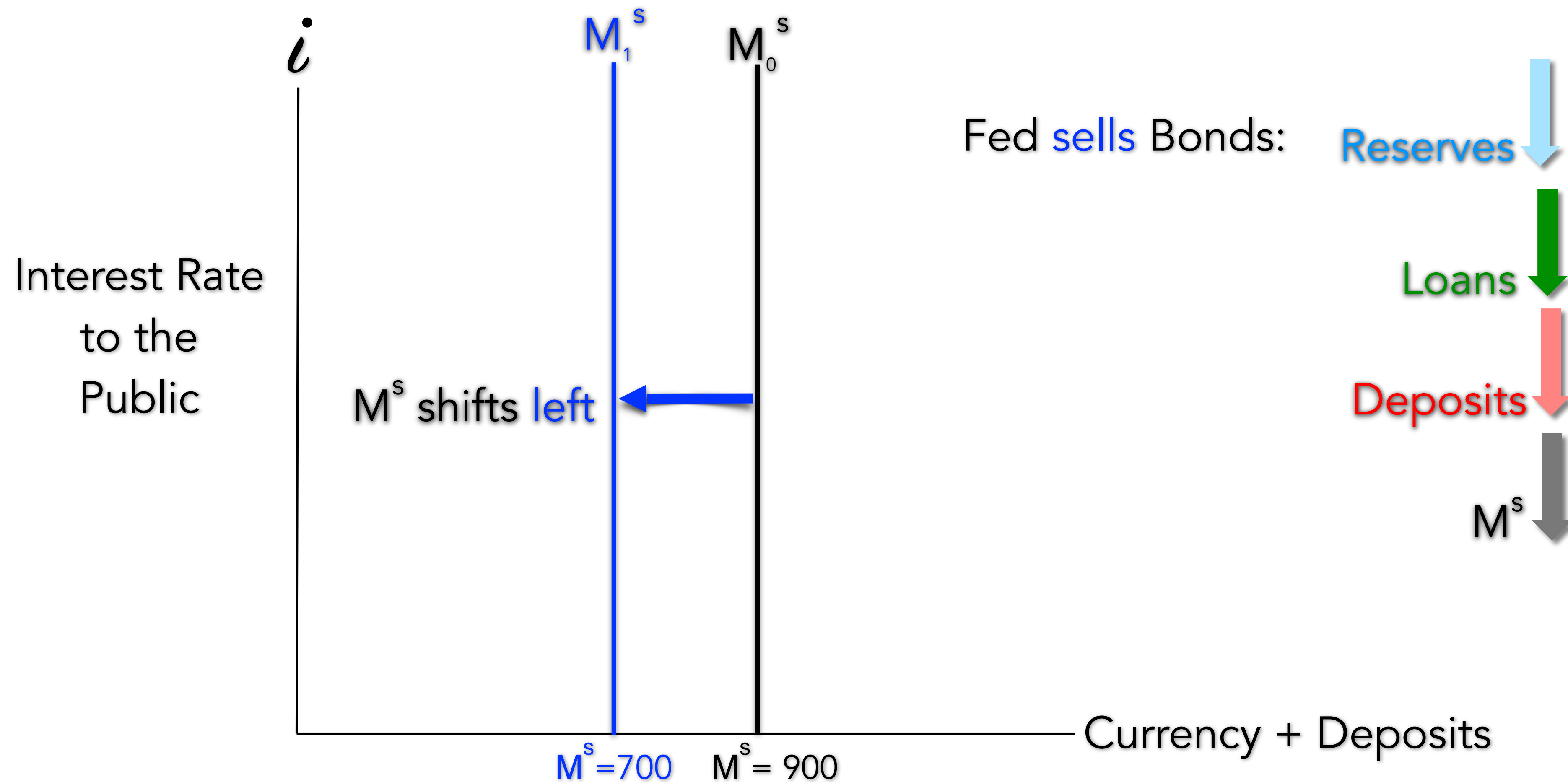
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This is what the
Fed does to fight
inflation

The Money Market

Money Supply $M^s = \text{Deposits} + \text{Currency}$



The decision to save or spend