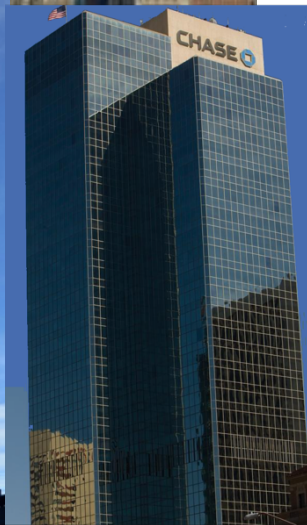
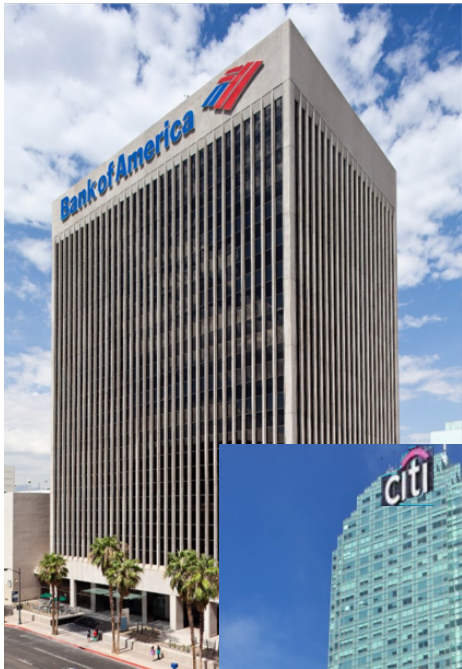




New Money
comes from the
Federal
Reserve Bank





The Federal Reserve
Bank **creates new
money to purchase
Bonds**

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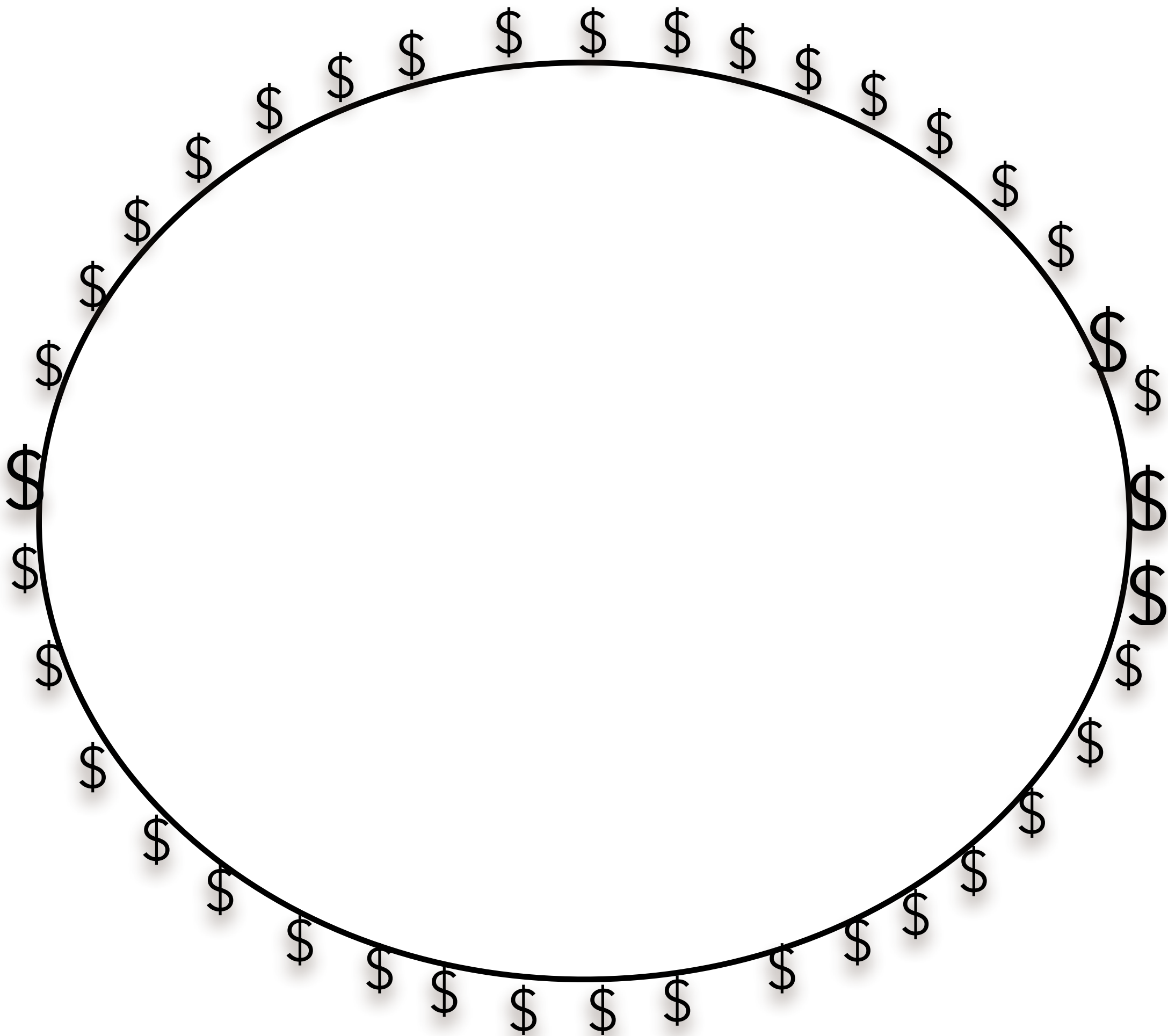
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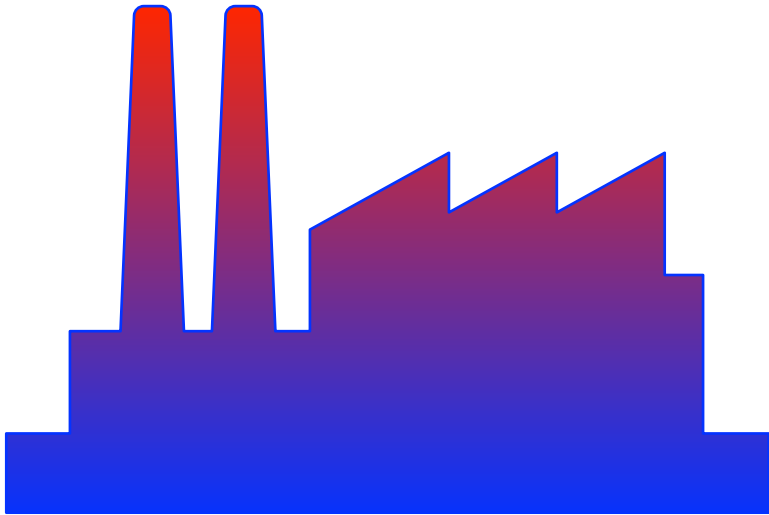
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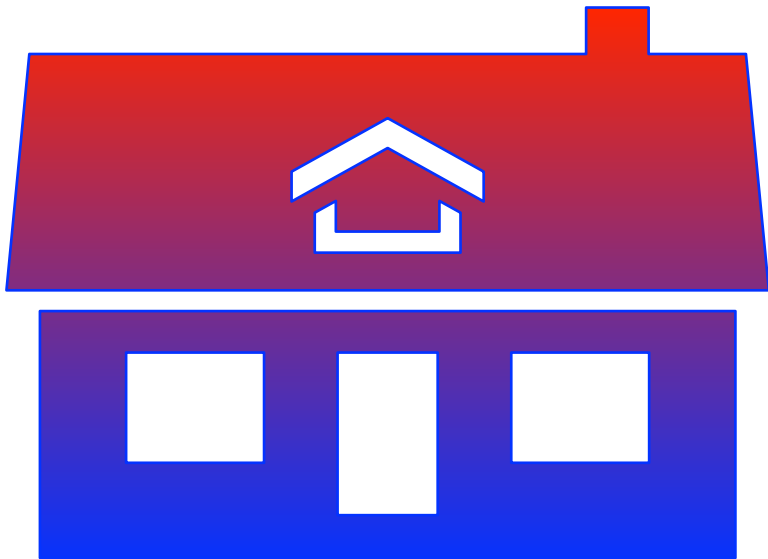


Government



Firms

Households





Rest of the
World

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The Fed buys bonds from:

The new money is deposited at a Bank

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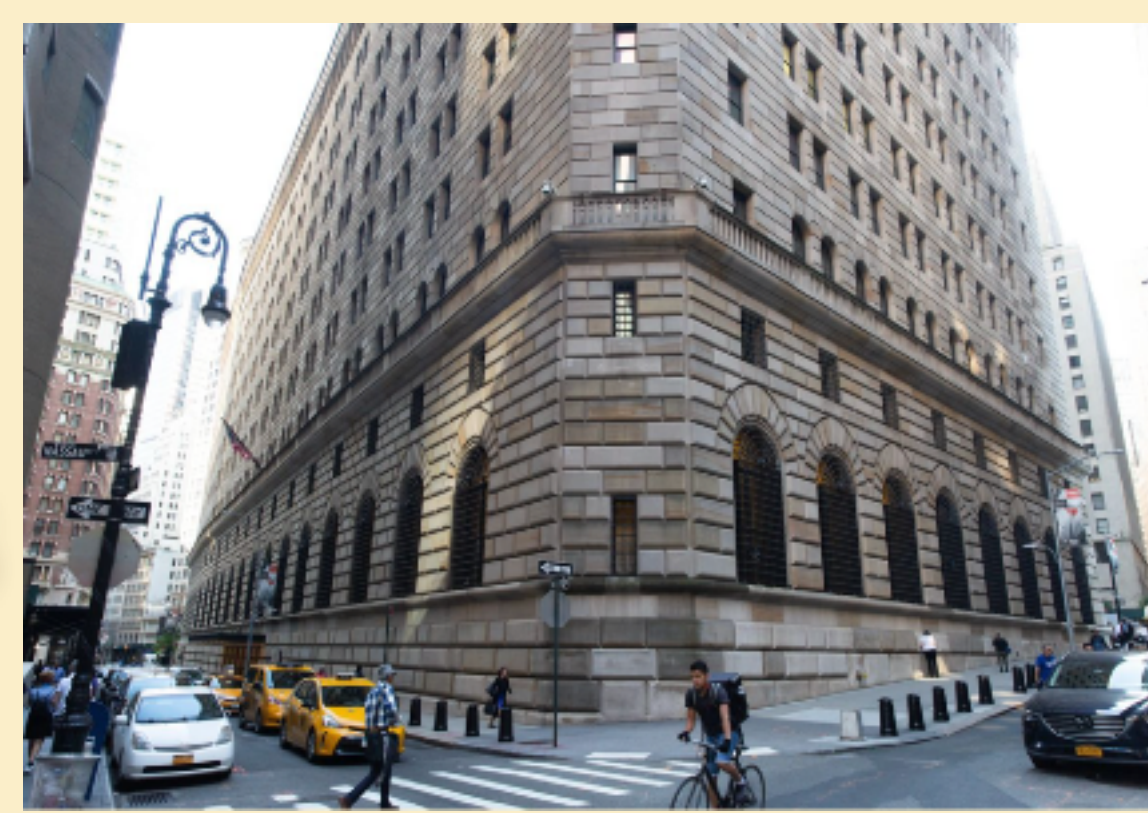
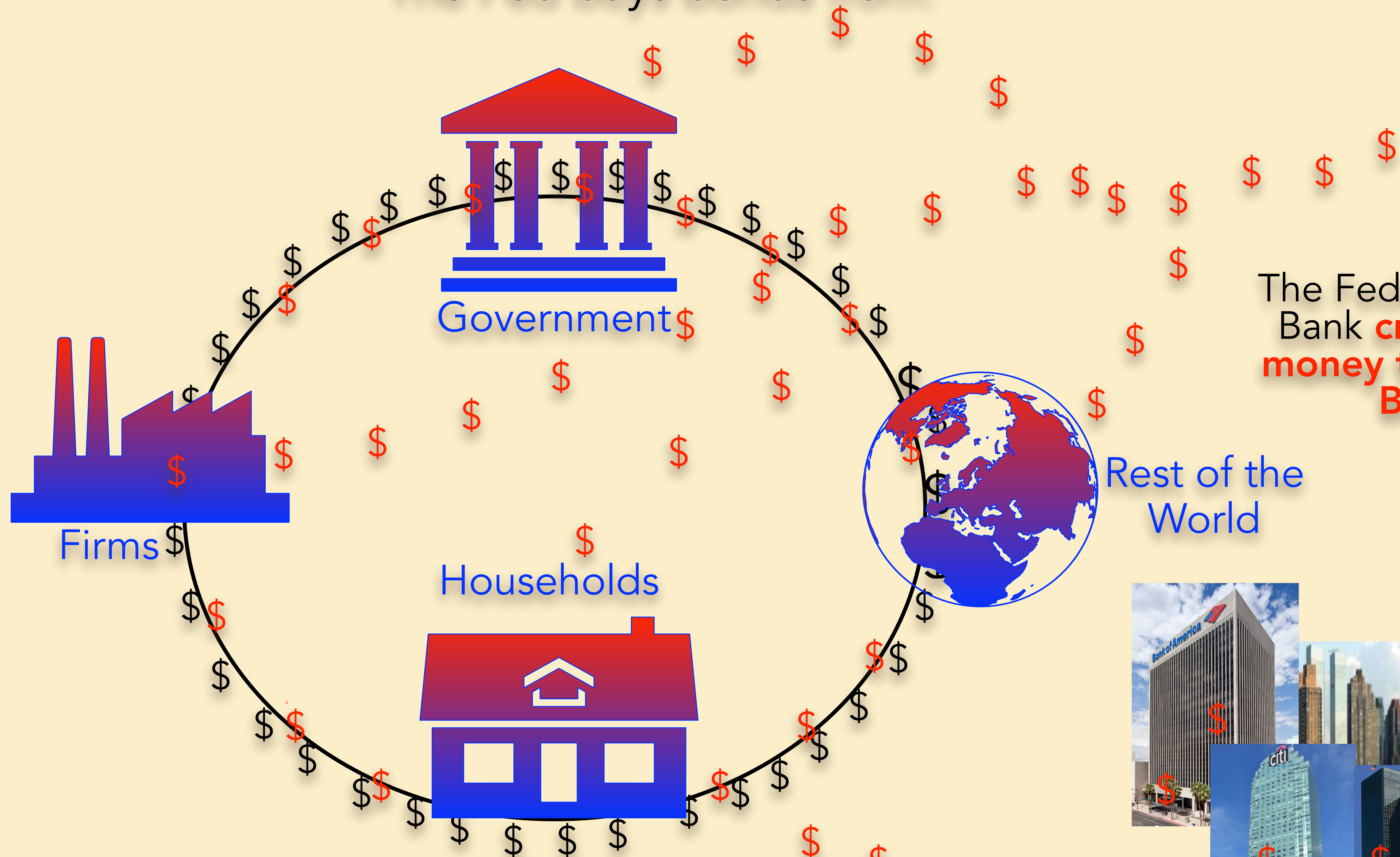
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The Fed buys bonds from:



The Federal Reserve Bank **creates new money to purchase Bonds**

The **new money** is deposited at a Bank



New Money comes from the Federal Reserve Bank

How Banks Work