







Currency + Deposits

Feedbuys Bonds:

$M^s$  shifts right









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

Reserves



Loans



# Deposits



$M^S$



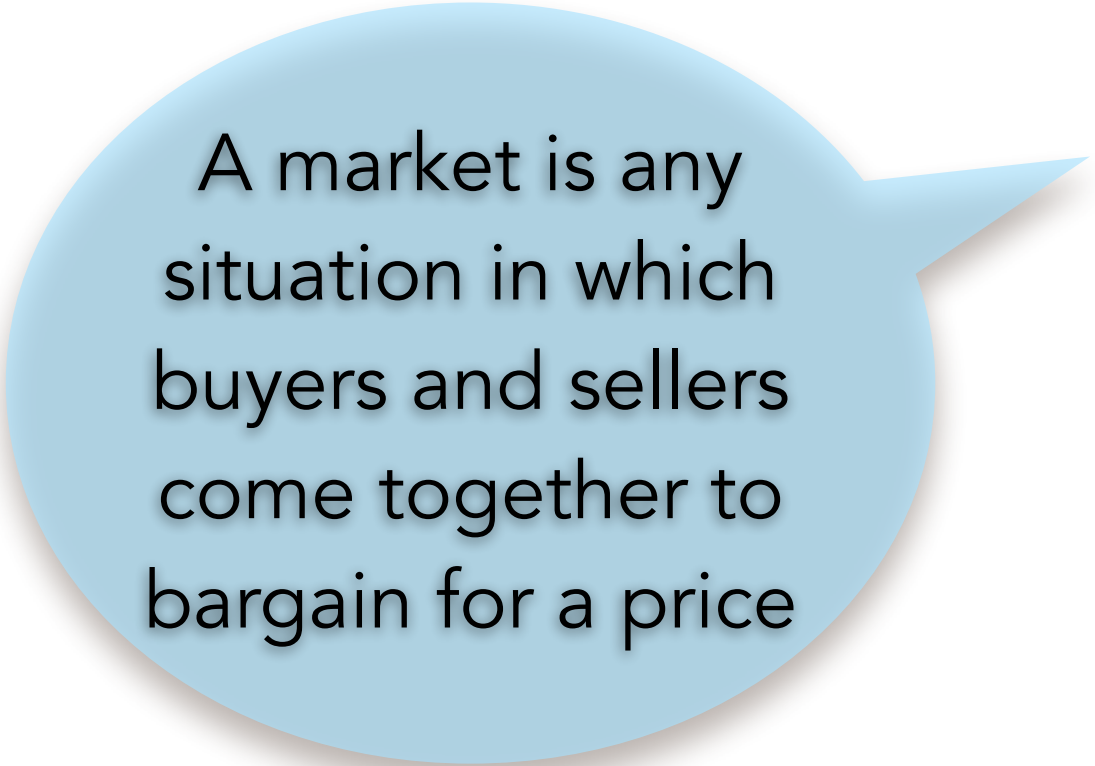
Interest Rate  
to the  
Public

# The Money Market



**M<sup>s</sup> = 9000**

$M^s = 10000$



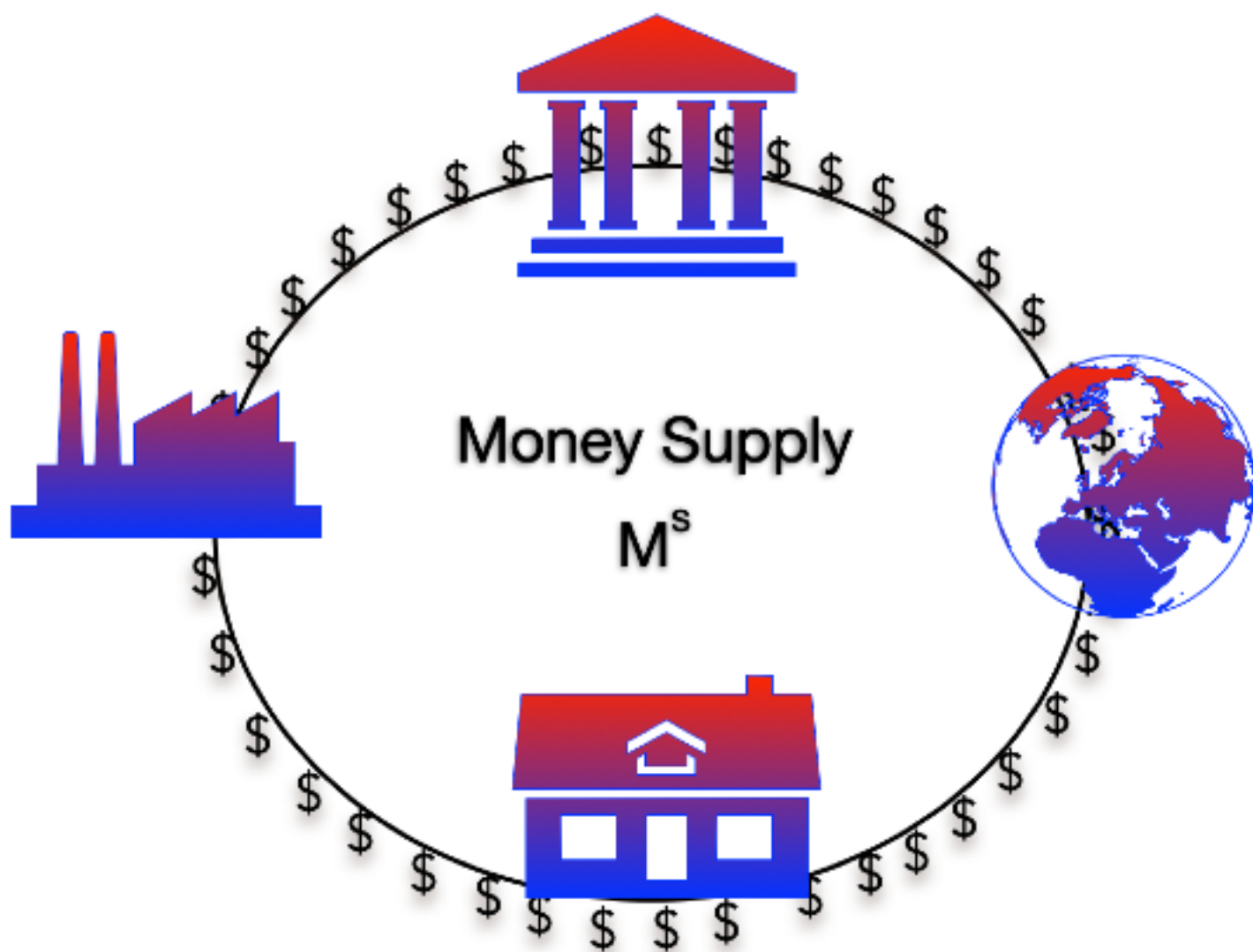
A market is any situation in which buyers and sellers come together to bargain for a price

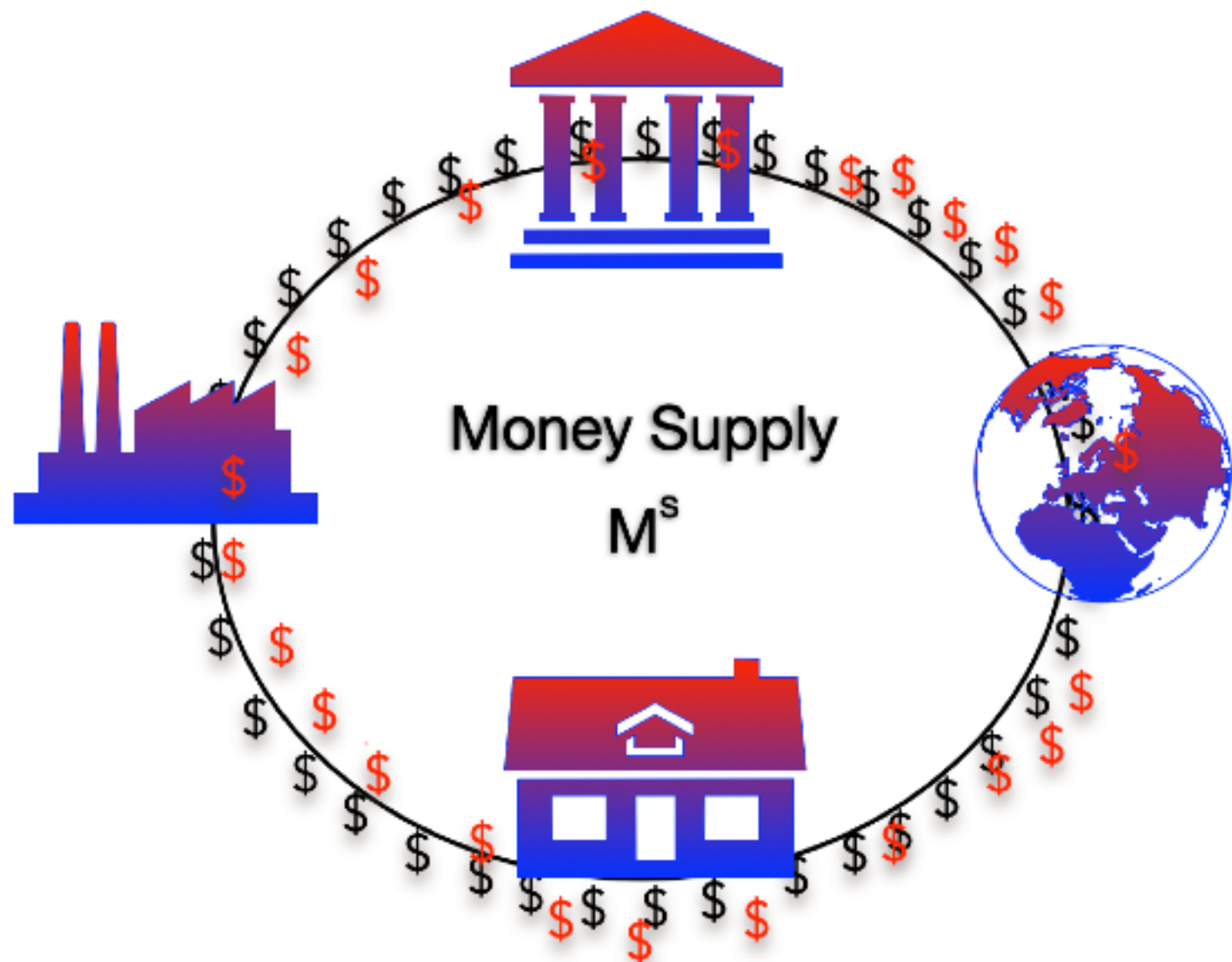


In the Money  
market, lenders and  
borrowers come  
together to bargain  
over the interest  
rate

$M_0^S$

$M_1^S$



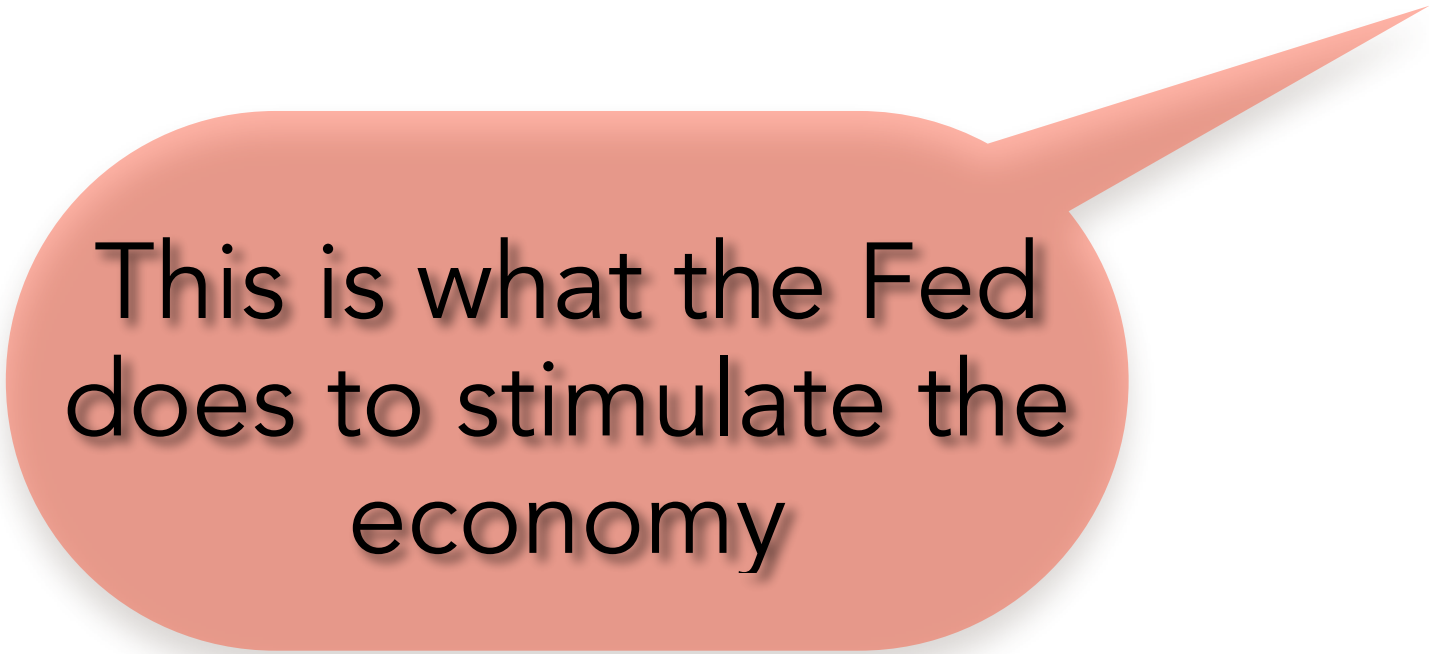




=

900

= 1,000



This is what the Fed  
does to stimulate the  
economy

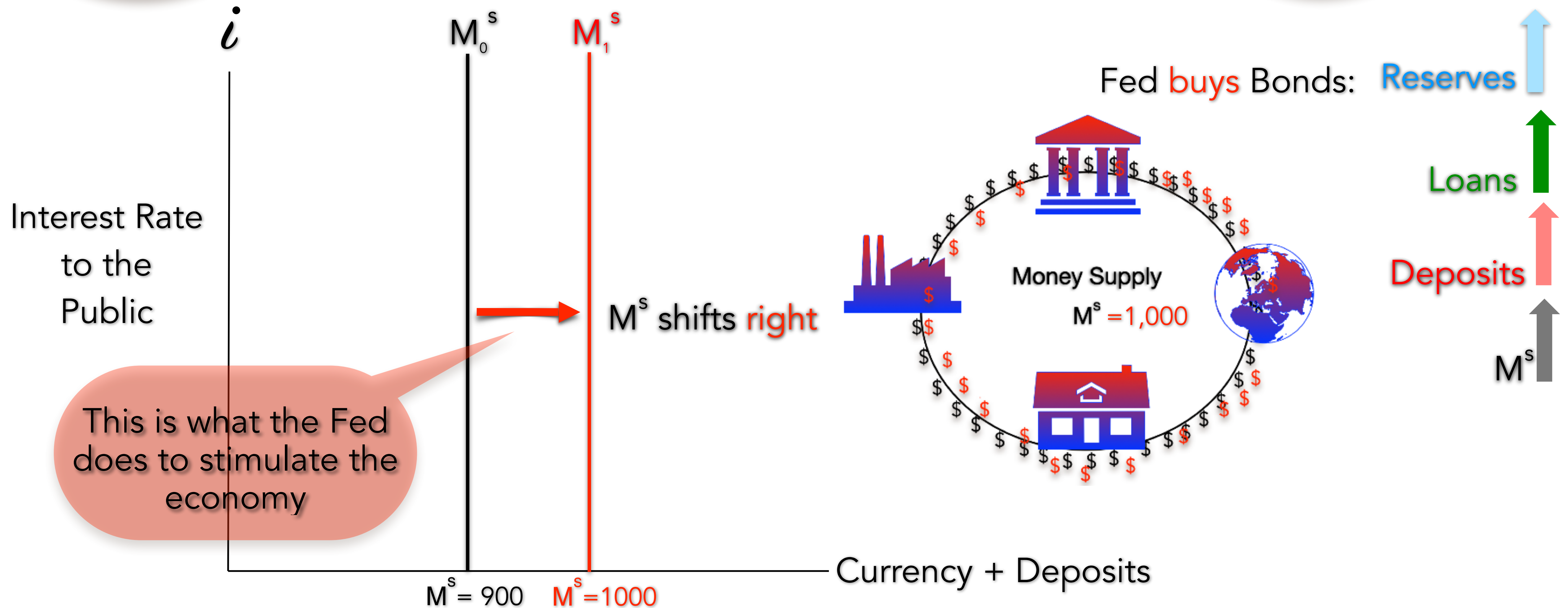
*i*

# The Money Market

A market is any situation in which buyers and sellers come together to bargain for a price

In the Money market, lenders and borrowers come together to bargain over the interest rate

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



# The Money Market