**FINC 3310 Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Chapter 10 Assignment**

1. The Federal Reserve wants to increase the supply of reserves, so it purchases $1 million of bonds from the public. Show the effect of this open market operation using T-accounts.

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| **The Public** | | | |
| **Assets** | | **Liabilities** | |
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| **Banking System** | | | |
| **Assets** | | **Liabilities** | |
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| **Federal Reserve System** | | | |
| **Assets** | | **Liabilities** | |
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2. Use T-accounts to show the effect of the Federal Reserve being **paid back** a $500,000 discount

loan from a bank.

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| **Banking System** | | | |
| **Assets** | | **Liabilities** | |
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| **Federal Reserve System** | | | |
| **Assets** | | **Liabilities** | |
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