

Midterm 2019 Fall

IV

- a. iv
- b. ii
- c. ii
- d. i

III

- a. ii
- b. ii
- c. iv

II.A.

- a) $C1=200$; $C2=250$; $GNE2=250$; $CA1=0$, closed $\rightarrow C1=200$ $C2=250$
- b) $C1=170$, $C2=212,5$; $TB1=-30$, $Tb2=37,5$; $NIIP1=-30$; $NFIA2=0,25 \cdot -30=-7,5$; $CA2=30$; $Sp1=-30$; $Sp2=37,5$; closed $\rightarrow c1=140$ $c2=250$, $1+ra=1,56$

II.B.

- a) $i=5\%$; $m^d=500$ $P=2$, $e=2$ $v=0,2$
- b) $i=25\%$; $m^d=100$; $P=E=10$;
- c) Assuming CB wants inflation = 0, $md=500$, CB must increase nominal money supply by 5760 ($5760 + 1440 = 7200$). eB^* increase by 5760,
- d) speculative attack happens at $t=0$.