

## ACTIVITY 24.1

### Vocab Notetaker

Use information from the visuals and from class discussion to define these terms in your own words.

**Bank reserves**

**Required reserves**

**Excess reserves**

**Interest**

**Interest rate**

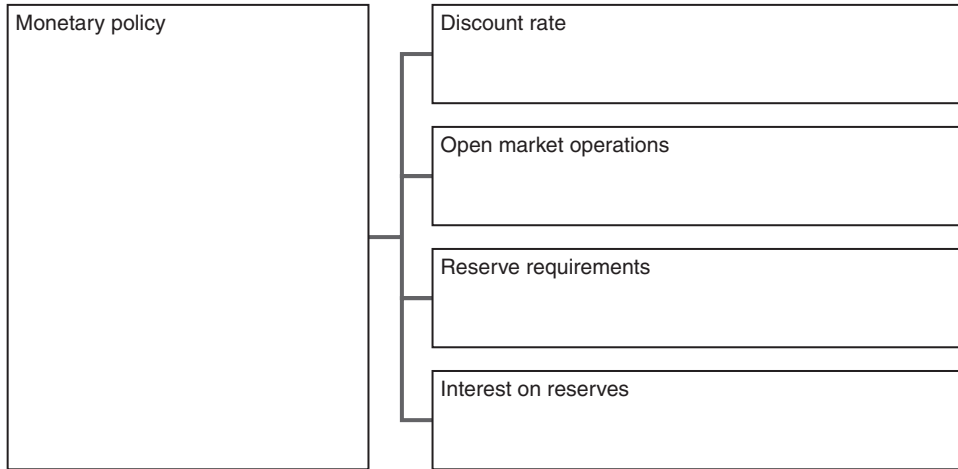
**Federal funds market**

**Federal funds rate**

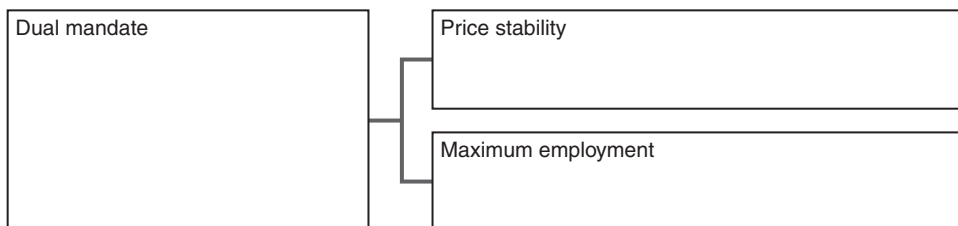
**Federal Reserve System**

## ACTIVITY 24.1 (Continued)

After the simulation, use information from the visuals and from class discussion to define these terms in your own words.



|                                       |
|---------------------------------------|
| <b>Central bank</b>                   |
| <b>Expansionary monetary policy</b>   |
| <b>Contractionary monetary policy</b> |



**ACTIVITY 24.2****Treasurer's Balance Sheet**

| <b>Investor Balance Sheet</b> | <b>Assets (securities)</b> | <b>Assets (deposits)</b> | <b>Total Assets (securities + deposits)</b> |
|-------------------------------|----------------------------|--------------------------|---|
| Initial                       |                            |                          |   |
| End of Round 1                |                            |                          |   |
| End of Round 2                |                            |                          |   |

| <b>Bank Balance Sheet</b> | <b>Assets (money/reserves)</b> | <b>Liabilities (deposits)</b> | <b>Net Assets (assets - liabilities)</b> |
|---------------------------|--------------------------------|-------------------------------|--|
| Initial                   |                                |                               |  |
| End of Round 1            |                                |                               |  |
| End of Round 2            |                                |                               |  |

| <b>Federal Reserve Portfolio Tracker</b> | <b>Government Securities</b> |
|--|------------------------------|
| Initial                                  |                              |
| End of Round 1                           |                              |
| End of Round 2                           |                              |

### ACTIVITY 24.3

#### Government Securities (Copy on RED Paper)

\$10,000 GOVERNMENT SECURITY

\$10,000 GOVERNMENT SECURITY

\$10,000 GOVERNMENT SECURITY

\$10,000 GOVERNMENT SECURITY

\$10,000 GOVERNMENT SECURITY

\$10,000 GOVERNMENT SECURITY

**ACTIVITY 24.4****Investor Balance Sheets**

|                | <b>Assets<br/>(securities)</b> | <b>Assets<br/>(deposits)</b> | <b>Total Assets<br/>(securities + deposits)</b> |
|----------------|--------------------------------|------------------------------|---|
| Initial        | \$10,000                       | \$0                          | \$10,000  |
| End of Round 1 |                                |                              |   |
| End of Round 2 |                                |                              |   |

|                | <b>Assets<br/>(securities)</b> | <b>Assets<br/>(deposits)</b> | <b>Total Assets<br/>(securities + deposits)</b> |
|----------------|--------------------------------|------------------------------|---|
| Initial        | \$10,000                       | \$0                          | \$10,000  |
| End of Round 1 |                                |                              |   |
| End of Round 2 |                                |                              |   |

|                | <b>Assets<br/>(securities)</b> | <b>Assets<br/>(deposits)</b> | <b>Total Assets<br/>(securities + deposits)</b> |
|----------------|--------------------------------|------------------------------|---|
| Initial        | \$10,000                       | \$0                          | \$10,000  |
| End of Round 1 |                                |                              |   |
| End of Round 2 |                                |                              |   |

|                | <b>Assets<br/>(securities)</b> | <b>Assets<br/>(deposits)</b> | <b>Total Assets<br/>(securities + deposits)</b> |
|----------------|--------------------------------|------------------------------|---|
| Initial        | \$10,000                       | \$0                          | \$10,000  |
| End of Round 1 |                                |                              |   |
| End of Round 2 |                                |                              |   |

|                | <b>Assets<br/>(securities)</b> | <b>Assets<br/>(deposits)</b> | <b>Total Assets<br/>(securities + deposits)</b> |
|----------------|--------------------------------|------------------------------|---|
| Initial        | \$10,000                       | \$0                          | \$10,000  |
| End of Round 1 |                                |                              |   |
| End of Round 2 |                                |                              |   |

|                | <b>Assets<br/>(securities)</b> | <b>Assets<br/>(deposits)</b> | <b>Total Assets<br/>(securities + deposits)</b> |
|----------------|--------------------------------|------------------------------|---|
| Initial        | \$10,000                       | \$0                          | \$10,000  |
| End of Round 1 |                                |                              |   |
| End of Round 2 |                                |                              |   |

**ACTIVITY 24.5****Bank Balance Sheets**

|                | <b>Assets<br/>(money/reserves)</b> | <b>Liabilities<br/>(deposits)</b> | <b>Net Assets<br/>(assets - liabilities)</b> |
|----------------|------------------------------------|-----------------------------------|--|
| Initial        | \$0                                | \$0                               | \$0  |
| End of Round 1 |                                    |                                   |  |
| End of Round 2 |                                    |                                   |  |

|                | <b>Assets<br/>(money/reserves)</b> | <b>Liabilities<br/>(deposits)</b> | <b>Net Assets<br/>(assets - liabilities)</b> |
|----------------|------------------------------------|-----------------------------------|--|
| Initial        | \$0                                | \$0                               | \$0  |
| End of Round 1 |                                    |                                   |  |
| End of Round 2 |                                    |                                   |  |

|                | <b>Assets<br/>(money/reserves)</b> | <b>Liabilities<br/>(deposits)</b> | <b>Net Assets<br/>(assets - liabilities)</b> |
|----------------|------------------------------------|-----------------------------------|--|
| Initial        | \$0                                | \$0                               | \$0  |
| End of Round 1 |                                    |                                   |  |
| End of Round 2 |                                    |                                   |  |

|                | <b>Assets<br/>(money/reserves)</b> | <b>Liabilities<br/>(deposits)</b> | <b>Net Assets<br/>(assets - liabilities)</b> |
|----------------|------------------------------------|-----------------------------------|--|
| Initial        | \$0                                | \$0                               | \$0  |
| End of Round 1 |                                    |                                   |  |
| End of Round 2 |                                    |                                   |  |

|                | <b>Assets<br/>(money/reserves)</b> | <b>Liabilities<br/>(deposits)</b> | <b>Net Assets<br/>(assets - liabilities)</b> |
|----------------|------------------------------------|-----------------------------------|--|
| Initial        | \$0                                | \$0                               | \$0  |
| End of Round 1 |                                    |                                   |  |
| End of Round 2 |                                    |                                   |  |

|                | <b>Assets<br/>(money/reserves)</b> | <b>Liabilities<br/>(deposits)</b> | <b>Net Assets<br/>(assets - liabilities)</b> |
|----------------|------------------------------------|-----------------------------------|--|
| Initial        | \$0                                | \$0                               | \$0  |
| End of Round 1 |                                    |                                   |  |
| End of Round 2 |                                    |                                   |  |

**ACTIVITY 24.6****Deposit Slips (Copy on YELLOW paper)**

|                  |                  |
|------------------|------------------|
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |
| \$10,000 DEPOSIT | \$10,000 DEPOSIT |

## ACTIVITY 24.7

### Money/Reserves (Copy on GREEN paper)

|                              |
|------------------------------|
| \$10,000 MONEY/BANK RESERVES |
| \$10,000 MONEY/BANK RESERVES |
| \$10,000 MONEY/BANK RESERVES |
| \$10,000 MONEY/BANK RESERVES |
| \$10,000 MONEY/BANK RESERVES |
| \$10,000 MONEY/BANK RESERVES |
| \$10,000 MONEY/BANK RESERVES |



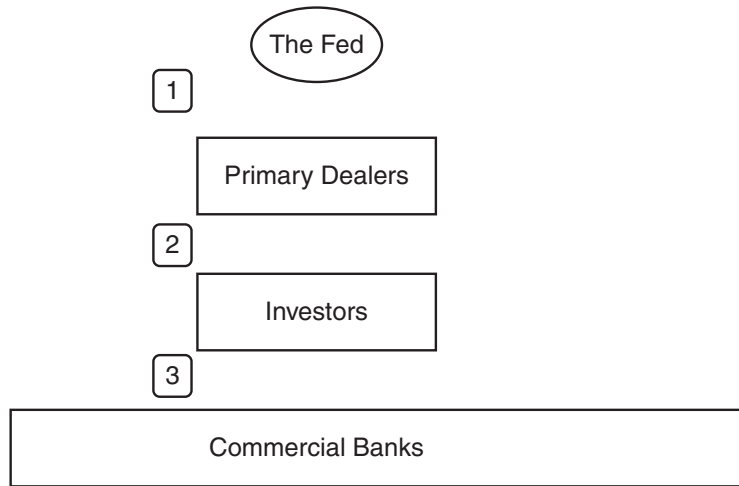
**ACTIVITY 24.8****Federal Reserve Portfolio Tracker**

|                | <b>Government Securities</b> |
|----------------|------------------------------|
| Initial        | \$0                          |
| End of Round 1 |                              |
| End of Round 2 |                              |

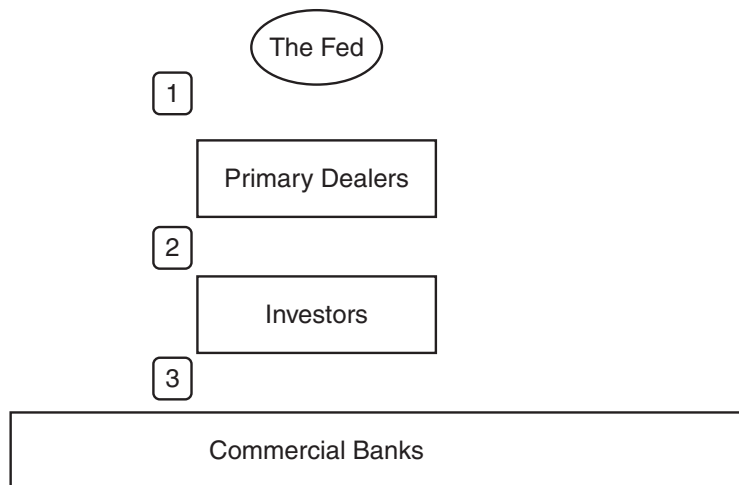
## ACTIVITY 24.9

### The Flow of Money/Reserves

Beside each number, use color pencils to draw arrows that illustrate the flow of money reserves (green) and government securities (red) when the Federal Reserve uses open market operations for expansionary monetary policy.

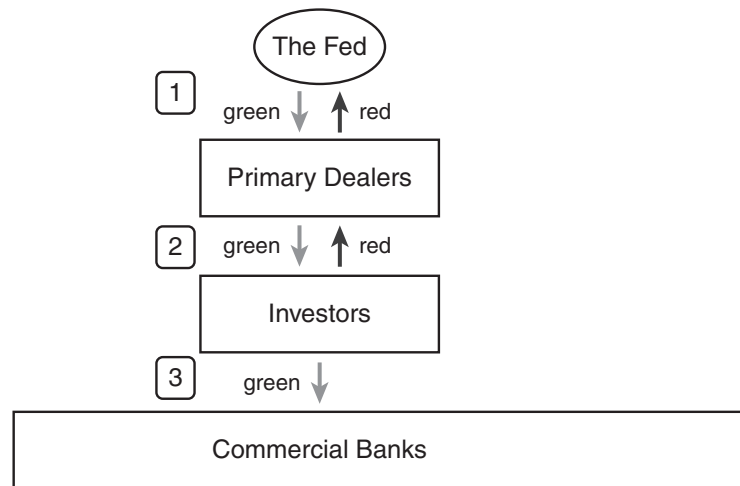


Use colored pencils to show the flow of money reserves (green) and government securities (red) when the Federal Reserve uses open market operations for contractionary monetary policy.



**ACTIVITY 24.9****The Flow of Money/Reserves (KEY)**

Beside each number, use colored pencils to draw arrows illustrating the flow of money reserves (green) and government securities (red) when the Federal Reserve uses open market operations for expansionary monetary policy.



Use colored pencils to show the flow of money reserves (green) and government securities (red) when the Federal Reserve uses open market operations for contractionary monetary policy.

