

Monetary Policy Study Guide

Be able to define, identify, & apply information about each of the following:

- The money supply's effect on the economy
 - How bulk of money supply created
 - Monetary policy
 - 2 types of monetary policy
- The Federal Reserve (the Fed)
 - Board of Governors
 - Federal Open Market Committee (FOMC)
 - District Federal Reserve banks
 - Member banks – who must join
 - Services of the Fed – to banks & the government
- The Fed's tools of monetary policy
 - Reserve requirement – & how it works
 - Discount rate – & how it works
 - Open-market operations – & how it works
- Limitations of monetary policy
 - Equation of exchange – & how it works