**WORKSHEET 6**

1. Assume adult males have a 47% share of the work force and their unemployment rate is 8.6%, adult females have a share of 45% and their unemployment rate is 8.4%, and teenagers have a share of 8% and their unemployment rate is 21%. Approximately what is the overall unemployment rate?

2. Assume the unemployment rates among different groups in the labor force are as follows: adult males 6.5%, adult females 6.3%, and teenagers 15%. Teenagers account for 15% of the total labor force, while men account for 50% of the adult labor force. What is the actual unemployment rate nationwide?

3. Assume the unemployment rates among different groups in the labor force are as follows: adult males 10%, adult females 8%, and teenagers 18%. Teenagers account for 10% of the total labor force, while women account for 45% of the adult labor force. What is the actual unemployment rate nationwide?

4. The responsiveness of wages to unemployment is 0,7, the unemployment gap is -10. What is the rate of wage inflation?

5. The rate of wage inflation is 20%, the unemployment gap is 20, the responsiveness of wages to unemployment is 0,2. If we consider the augmented Phillips curve, what is the expected inflation?

6. Assume you know that nominal money supply (M) has increased by 6%, real output (Y) has increased by 2.5% and the income velocity (V) of money has dropped by 3%. What rate of inflation should we expect?

7. If the required reserve ratio is 8%, the excess reserve ratio is 2%, and the currency-deposit ratio is 30%, by how much would money supply change if the Fed made open market sales valued at $40 million?

8. Assume money supply (M) is $1,200 billion, total bank deposits (D) are $800 billion and the required reserve ratio is 10%. What would the Fed have to do to lower money supply by 5%? Explain your answer.

9. Assume that bank deposits are $3,200 billion, the required reserve ratio is 10%, and currency outstanding is $400 billion. What can the Fed do to decrease the money supply by $100 million?

10. How does an increase in the currency-deposit ratio affect the money multiplier? What is the effect of an increase in the reserve ratio?

11. Assume that M2 has increased by 8%, inflation has increased by 4%, and real output has grown at a rate of 1.5% over the same time period. What does this imply for V2, the income velocity of M2?

12. If nominal GDP is $1000000 and nominal money supply is $500000, what is the income velocity of money?

13. If we consider the classical theory of money, nominal money supply grows by 8% and real GDP grows by 3%, what is the rate of inflation?

14. According to the Baumol-Tobin square- root formula:

tc= $1.50

Y = 100000

i = 0,06

What is the amount of money balances for transactions?

15. Use the Baumol-Tobin transactions demand approach to calculate the interest elasticity of money demand for transaction.