

1. The dollar depreciates against the euro. The pound sterling appreciates against de dollar. Knowing just this, explain if the euro would depreciate or appreciate against the pound.
2. The nominal interest rate has fallen two percent points. The inflation rate has increased two percent points. Find by how much the real interest rate has approximately changed, if it is possible to calculate that change; if not, explain why not.
3. Cash in the hands of the public is half deposits, whereas the reserve ratio is half the liquidity ratio. If possible, find the money multiplier.

4. Analyze graphically the effect on the equilibrium exchange rate in the currency market model of the decision by the US government to ban the imports of half the European goods that American consumers currently import. Explain which functions are affected and why. Does the dollar appreciate or depreciate against the euro?

5. Analyze graphically the effect on the equilibrium interest rate in the liquidity market model of a contractionary open market operation conducted when households are forced to sell most of the financial assets they own in order to pay pending debts.



**JUSTIFY your answers below**

|          |     |
|----------|-----|
| <b>1</b> | 14% |
| <b>2</b> | 13% |
| <b>3</b> | 21% |
| <b>4</b> | 24% |
| <b>5</b> | 28% |