

Unit 4 T-Accounts Practice -- Part 2

Assets		Liabilities & Equity	
Loans	\$8,000	Demand Deposits	\$6,000
Reserves	\$600	Owner's Equity	\$5,000
Treasury Bonds	\$2,400		
Total Assets	\$11,000	Total Liabilities & Equity	\$11,000

If the bank is holding no excess reserves, how much is the required reserve ratio?

Assets		Liabilities & Equity	
Req. Reserves	\$2,500	Demand Deposits	\$25,000
Excess Reserves	\$4,500	Owner's Equity	\$5,000
Treasury Bonds	\$5,000		
Loans	\$18,000		
Total Assets	\$30,000	Total Liabilities & Equity	\$30,000

If Bob deposits \$2,000 into this bank:

1. How much do demand deposits change?
2. What is the required reserve ratio?
3. Will M1 money supply initially \uparrow , \downarrow , stay same?
4. How much is the required reserves?
5. How much is the excess reserves?
6. How much more can the bank initially lend out?
7. Maximum change in money supply from deposit?

Assets		Liabilities & Equity	
Req. Reserves	\$2,500	Demand Deposits	\$25,000
Excess Reserves	\$4,500	Owner's Equity	\$5,000
Treasury Bonds	\$5,000		
Loans	\$18,000		
Total Assets	\$30,000	Total Liabilities & Equity	\$30,000

If the Fed buys \$2,000 of bonds:

1. How much do demand deposits change?
2. How much is the required reserves?
3. How much is the excess reserves?
4. How much more can the bank initially lend out?
5. Maximum change in the money supply?
6. Maximum change in demand deposits(all banks)?
7. Maximum change in req. reserves (all banks)?

Assets		Liabilities & Equity	
Req. Reserves	\$2,500	Demand Deposits	\$25,000
Excess Reserves	\$7,500	Owner's Equity	\$5,000
Treasury Bonds	\$5,000		
Loans	\$15,000		
Total Assets	\$30,000	Total Liabilities & Equity	\$30,000

If Bob withdraws \$3000 from this bank:

1. Will M1 money supply initially \uparrow , \downarrow , stay same?
2. How much is the required reserves?
3. How much is the excess reserves?

4. Assume Bob burned the money, what is the maximum change in money supply?