

## Financial Math - Assignment - Tuesday, November 16, 2004

*Due to be completed and turned in at the beginning of the next class meeting.*

### **LESSON 3-2 THE FEDERAL RESERVE: THE BANK'S BANK**

Objectives: In this lesson, we will help Olivia to:

- 3-3-1 Describe the organization of the Federal Reserve System.
- 3-3-2 List four important functions of the Federal Reserve System.
- 3-3-3 Describe how the Federal Reserve System controls monetary policy.
- 3-3-4 Observe and calculate the multiplier effect on the nation's money supply.

---

#### **READ PAGES: 114-125**

---

**KEY TERMS:** Define as used in text. **PAGE 124**

common ratio	inflation
Consumer Price Index (CPI)	legal tender
easy-money policy	money supply
excess reserves	multiplier effect
Federal Reserve note	required reserve
Federal Reserve System	sum of an infinite geometric series
geometric series	tight-money policy

---

**ASK YOURSELF:** **PAGE 119**

Record answers (complete sentences) to the questions at the bottom of page 105.

---

**ALGEBRA REVIEW:** **PAGE 119**

Complete the Algebra Review on page 105. Show your work.

---

**SHARPEN YOUR SKILLS:** **PAGES: 120-123**

Read through the examples on pages 120-123  
Enter the needed information needed in a spreadsheet.

Skill 1	Skill 2	Skill 3
---------	---------	---------

---

**TRY YOUR SKILLS:** **PAGE(S) 123-124**

Work through the items 1-13.  
Use a spreadsheet. Enter required formulas.

---

**EXERCISE YOUR SKILLS:** **PAGE(S) 124**

Record answers (complete sentences) to the questions 1-4.  
Use a spreadsheet to complete 5-10, then on the spreadsheet let it do the calculations for 11-16 and 17-22. Use a separate page for 24 & 25.

---

**MIXED REVIEW:** **Page(S) 125**

Answer the items as indicated. Use a spreadsheet with formulas where possible.  
Where you do not use a spreadsheet show all calculations. Be able to explain how you arrived at your answers.