



Essential Questions:

1. What is money and what role does it play in the national economy?
2. How does management of its money supply enable a government to manage the economy?
3. What are the tools of monetary policy and how effective are they?

Objectives:

- Define and categorize by role in the economy the various financial intermediaries.
- Analyze the relationship between savings and investment spending.
- Define and explain balanced budget, budget deficit, and budget surplus.
- Explain and graphically illustrate why budget deficits crowd out investment spending.
- Given present value, calculate the future value of a financial asset and vice versa.
- Correctly use a T-account to illustrate a bank’s liabilities and assets.
- Determine how a new bank deposit affects a bank’s T-account and the overall money supply.
- Analyze the relationship between the money supply and the price level, especially how changes in the money supply affect price level.
- Correctly construct a graph that shows how the demand and supply of money affect interest rates.
- Correctly construct a graph that shows how the demand and supply of loanable funds affect interest rates.
- Identify and define the features that define money.
- Define, explain, and graphically illustrate the effects of monetary policy.

Key Terms:

1. Bank	19. Fiat money	38. Money supply
2. Bank deposit	20. Financial asset	39. Money velocity\
3. Bank reserves	21. Financial intermediary	40. Mutual fund
4. Budget balance	22. Financial risk	41. National savings
5. Budget deficit	23. Fisher effect	42. Open-market operation
6. Budget surplus	24. Future value	43. Pension fund
7. Capital inflow	25. Interest rate	44. Physical asset
8. Central bank	26. Leverage	45. Present value
9. Checkable bank deposits	27. Liability	46. Rate of return
10. Commodity money	28. Life insurance company	47. Required reserve ratio
11. Crowding out	29. Liquid / Illiquid	48. Savings-investment spending identity
12. Currency in circulation	30. Loan	49. Securitization
13. Default	31. Loanable funds market	50. Store of value
14. Discount window / discount rate	32. Loan-backed securities	51. Subprime lending
15. Diversification	33. Medium of exchange	52. T-account
16. Equation of Exchange	34. Monetary base	53. T-account
17. Excess reserves	35. Money market	54. Transaction costs
18. Federal Funds rate	36. Money multiplier	55. Unit of account
	37. Money supply	56. Wealth

Calendar:

DAY		TOPIC	HW DUE / SCHEDULED TEST
12-Jan	Mon	2 nd Quarter Exam Review / Unit 6 Introduction	Read Module 22.
13-Jan	Tue	The Financial Sector	Read and write a reflection on “Overmighty finance levies a tithe on growth.”
14-Jan	Wed	The Financial Sector	<ul style="list-style-type: none"> • Read and write a reflection on “Whither Efficient Markets? Efficient Market Theory and Behavioral Finance.” • Register for Stock Market Simulation and Make at least three purchases.
15-Jan	Thu	Money	Write reflection on “The Invention of Money” podcast.
16-Jan	Fri	Money	<ul style="list-style-type: none"> •Read Module 23. •Complete Morton Activity 35.
19-Jan	Mon	The Time Value of Money	<ul style="list-style-type: none"> •Read Module 24. •Complete PV and FV Problem Set.
20-Jan	Tue	Banking and Money Creation	<ul style="list-style-type: none"> •Read Module 25. •Complete Morton Activity 37.
21-Jan	Wed	The Fed	<ul style="list-style-type: none"> •Read Module 26. •Complete Morton Activity 38.
22-Jan	Thu	The Fed & Monetary Policy / Equation of Exchange	<ul style="list-style-type: none"> •Read Module 27. •Complete Morton Activity 36.
23-Jan	Fri	Money Market	<ul style="list-style-type: none"> •Read Module 28 •Complete Morton Activity 39.
26-Jan	Mon	Loanable Funds Market	<ul style="list-style-type: none"> •Read Module 29. •Complete Loanable Funds Problem Set.
27-Jan	Tue	Unit Review	Complete Morton Activity 40.
28-Jan	Wed	UNIT 6 TEST	Prepare for Unit 6 Test.
29-Jan	Thu	Review of Unit 6 Test	NONE
30-Jan	Fri	Portfolio Assessment	Complete Portfolio Assessment.