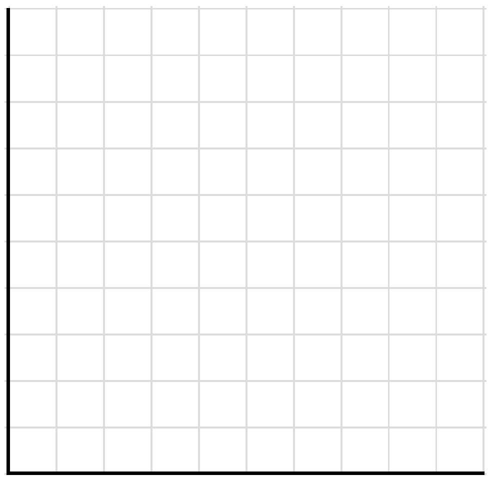
CONCEPT: MONEY SUPPLY AND EQUILIBRIUM IN THE MONEY MARKET

● ***Theory of Liquidity Preference –*** applying principles of supply and demand to the ________________

- ☐ "Price" of money → ________________
- ☐ "Quantity" of money → ________________

Supply of Money



● The supply curve for money is ________________ because the supply of money is controlled by ____________

- ☐ The money supply is the amount available for use by ________________
- ☐ The supply curve will shift left or right mainly through the Fed's ________________________
  - > Fed purchases T-bills → Money available for public ___________ → Money supply ___________
  - > Fed sells T-bills → Money available for public ___________ → Money supply ___________

Equilibrium in Money Market