QUESTION 1
Refer to the video: https://youtu.be/Rgr1vRjxzFg and the information given below to answer the question as follows:

C	=	20 + 0.8 Y
I	=	$25 m
G	=	$10 m
X	=	$30 m
M	=	$15 m
MPT	=	0.25
MPM	=	0.12

   i.   Calculate the equilibrium level of income.   **(1 mark)**
   ii.   Derive the savings functions.   **(1 mark)**
   iii.   In your Answer Book, draw the Consumption and savings Function graphs.   **(2marks)**
   iv.   Calculate the credit multiplier.   **(1 mark)**
   v.   Investment increases by $100m. Calculate the change in the equilibrium level of income.   **(1 mark)**

QUESTION 2
Refer to the video: https://youtu.be/jFWzyYPIJJk and the information given below to answer the questions as follow.

Banking System of Economy C	
	$million
Total Reserves	4 000
Transaction Account Balances	16 000
Notes and Coins Held By The Public	8 000

i.   Calculate the Money Supply, M1.   **(1mark)**
ii.   Construct a balance sheet showing the assets and equities to the combined registered banks.   **(3marks)**
iii.   Calculate the Reserve Ratio.   **(1 mark)**
iv.   Calculate the money multiplier.   **(1 mark)**
v.   Assume that the bank has received an additional deposit of $100m.
     a. Calculate the amount of credit that can be created.
     b. the total increase in money supply   **(2 marks)**
vi.   Name one asset of the registered commercial bank.   **(1 mark)**

THE END