

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. The Excel file will be handed in via Moodle. Your name will only appear on a page of the file that has nothing else on it. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

All questions, except #1, should be done before the laboratory.

This question refers to the spreadsheet “Lab” on the Excel file “[lab8.xls](#).”

- 1A) (40 points) Calculate the columns *Centered Moving Average*, *Preliminary Seasonal Indicator*, *Average Seasonal Indicator*, *Revised Seasonal Factor*, and *Total Seasonal Factor*.
- B) (10 points) If the company sales of \$600 in November of this year, what would the seasonally adjusted amount be? If the company did \$15,000 of sales this year, how much would you expect to be sold in June? For both questions in Part B, do the calculation directly on the spreadsheet.
- 2) (10 points each) Illustrate the following events on the same balance sheet for a bank. Explain each entry. Determine how much the money supply (M1 and M2) changes for each step and explain how you reached that conclusion.
- A) \$1000 is deposited in a checking account.
- B) The bank loans out all of its excess reserves.
- C) The borrower pays for a service and the person who receives it puts the money in a savings account.
- 2) (20 points) Explain the economics as to why a larger reserve ratio reduces the size of the money multiplier. Why does a large currency-deposit ratio have the same effect?