

**Chapter 10 Section 2  
The Money Supply  
Pages 263-267**

Name \_\_\_\_\_

**1) List the three components that are identified as part of the (M1) money supply. Put these answer in your study guide as well for question. (#8 on study guide)**

- a)
- b)
- c)

**2) Explain what currency is (complete sentences):**

**3) Explain what checking accounts are (complete sentences):**

**4) Look at the pie chart on the top of page 264. Which component of the M1 money supply is the largest? (complete sentences)**

**5) Explain what a savings account is and what kind of money it is. Put this in your study guide as well. (# 9 and 10 on study guide)**

**6) Under which component of the M1 money supply do debit cards fall under? (complete sentences)**

**7) Are credit cards money? Why or why not (# 11 on study guide)**

**8) When loans are made, what must be paid for the loan? (complete sentences) (put your response for this question for answer 15 on your study guide)**

**9) Those who are demanding loans are called what?**

**10) Those who are supplying loans are called what?**

**11) What happens to interest rates if demand is high and supply stays the same?**

**12) What happens to interest rates if demand decreases?**

**13) What happens to interest rates if supply of loans increases?**

**14) What happens to interest rates if the supply of loans decreases?**

**NOTE: Using your responses on questions 11-14, complete 18-21 on your study guide. TURN IN your reading guide when you are done. This is due by the end of the hour.**