



# Macroeconomics Ultimate Cheat Sheet

Fill out this blank version then check your answers with the answer key.

<u>Formulas</u>	<u>Key Relationships</u> (↑ or ↓)
Labor Participation Rate =	1. ↑ Demand → Equilibrium price ___
Unemployment rate =	2. ↑ Supply → Equilibrium price ___
% Change in GDP =	3. ↑ Consumer Spending → Real GDP ___
Consumer Price Index =	4. ↑ Interest rates → Investment ___
GDP deflator =	5. ↑ Inflation → Real wages ___
Expenditure Approach =	6. ↑ Aggregate demand → Price level ___
Income Approach =	7. ↑ SR Aggregate supply → Price level ___
MPS =	8. ↑ Government Spending → Real GDP ___
Spending Multiplier =	9. ↑ Taxes → Disposable income ___
Tax Multiplier =	10. ↑ MPC → Spending Multiplier ___
Money Multiplier =	11. ↑ Interest Rates → Bond prices ___
Real Interest Rate =	12. ↑ Money Supply → Nominal interest rates ___
Quantity Theory of Money:	13. ↑ Reserve requirement → Money supply ___
	14. ↑ Discount rate → Money supply ___
	15. ↑ Fed buys bonds → Money supply ___
	16. ↑ Inflation → Real interest rates ___
	17. ↑ Deficit spending → Real interest rates ___
	18. ↑ Capital stock → Economic growth ___
	19. ↑ Appreciation → Net exports ___
	20. ↑ Interest rates → Net capital inflow ___

## Things to Remember

- Comparative advantage- A country makes a good at a lower \_\_\_\_\_ than another country
- Investment- This refers to \_\_\_\_\_ on physical capital, never personal investing
- Full employment- When there is only \_\_\_\_\_. No cyclical unemployment
- Long-run self-adjustment- When there is a positive or negative output gap the \_\_\_\_\_ will eventually shift
- Fiscal policy- Changing \_\_\_\_\_ and/or \_\_\_\_\_. This shifts aggregate demand
- Monetary policy- Changing the \_\_\_\_\_ to affect \_\_\_\_\_. This shifts aggregate demand
- Open Market Operations- Central bank buys or sells \_\_\_\_\_, increasing or decreasing the \_\_\_\_\_
- Crowding Out- Deficit spending leads to higher \_\_\_\_\_ and less investment and growth
- Capital Inflow- High interest rates decrease domestic investment but attract more \_\_\_\_\_



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## Essential Graphs

Production Possibilities Curve	Supply and Demand	AD/AS (Full-Employment)
AD/AS (Negative Output Gap)	AD/AS (Positive Output Gap)	AD/AS (Recession Self-Adjust)
AD/AS (Inflation Self-Adjust)	AD/AS (Economic Growth)	Money Market
Loanable Funds	Phillips Curve	Foreign Exchange