## Answer on Question \#38051 - Economics - Macroeconomics

## Assignment

How does the money supply change as a result of an increase in the discount rate?

## Solution

In economics, the money supply or money stock, is the total amount of monetary assets available in an economy at a specific time.

An increase in the discount rate makes it more expensive for commercial banks to borrow money, which results in an decrease in the supply of money in the economy.

