

- a) Total reserves = cash – vaults – reserve deposit in Fed = \$400bn * 0,2 = **\$80bn**
- b) Deposit liabilities = $\frac{\text{total reserves}}{10\%} = \frac{\$80bn}{0,1} = \mathbf{\$800bn}$
- c) M1 = deposits + cash – total reserves = \$800bn + \$400bn - \$ 80bn = **\$1120bn**

Answer:

- a) Total reserves = **\$80bn**
- b) Deposit liabilities = **\$800bn**
- c) M1 = **\$1120bn**