

Macroeconomics Concepts

Measuring macroeconomic performance

- National income accounts
- GDP and GNP and economic growth
- Inflation, consumer price index, and GDP deflator
- Unemployment rate
- Real and nominal wages, GDP, and interest rates

Aggregate Demand and Supply

- Components of aggregate demand: $C+I+G$
- Effects of fiscal and monetary policies on aggregate demand
- Aggregate demand=aggregate supply; short-run and long-run equilibrium

Money market

- Role of central banks
- Money supply creation and commercial banks
- Fractional reserve banking
- Interest rates (real and nominal)

Bond market

- Role of financial intermediaries
- Relationship between bond prices and interest rates
- Links between money and bond markets
- Effects of interest changes on borrowing and lending

Labor market

- Determinants of aggregate labor demand; “real wages”
- Wage flexibility and the unemployment rate
- Effects of fiscal and monetary stimulus on labor demand

Aggregate Demand and Aggregate Supply

- Short run sticky prices (Keynesian models)
- Marginal propensity to consume
- Long-run flexible prices
- Short-run and long-run aggregate supply
- Aggregate production function

Fiscal Policies

- Automatic stabilizers
- Government spending and tax policies
- Impact on aggregate demand, interest rates and prices

Monetary Policies

- Tools used by central banks: reserve requirements, discount rate, and open market operations
- Impact on aggregate demand, interest rates and inflation

Long-run growth

- Impact of technological change
- Impact of immigration