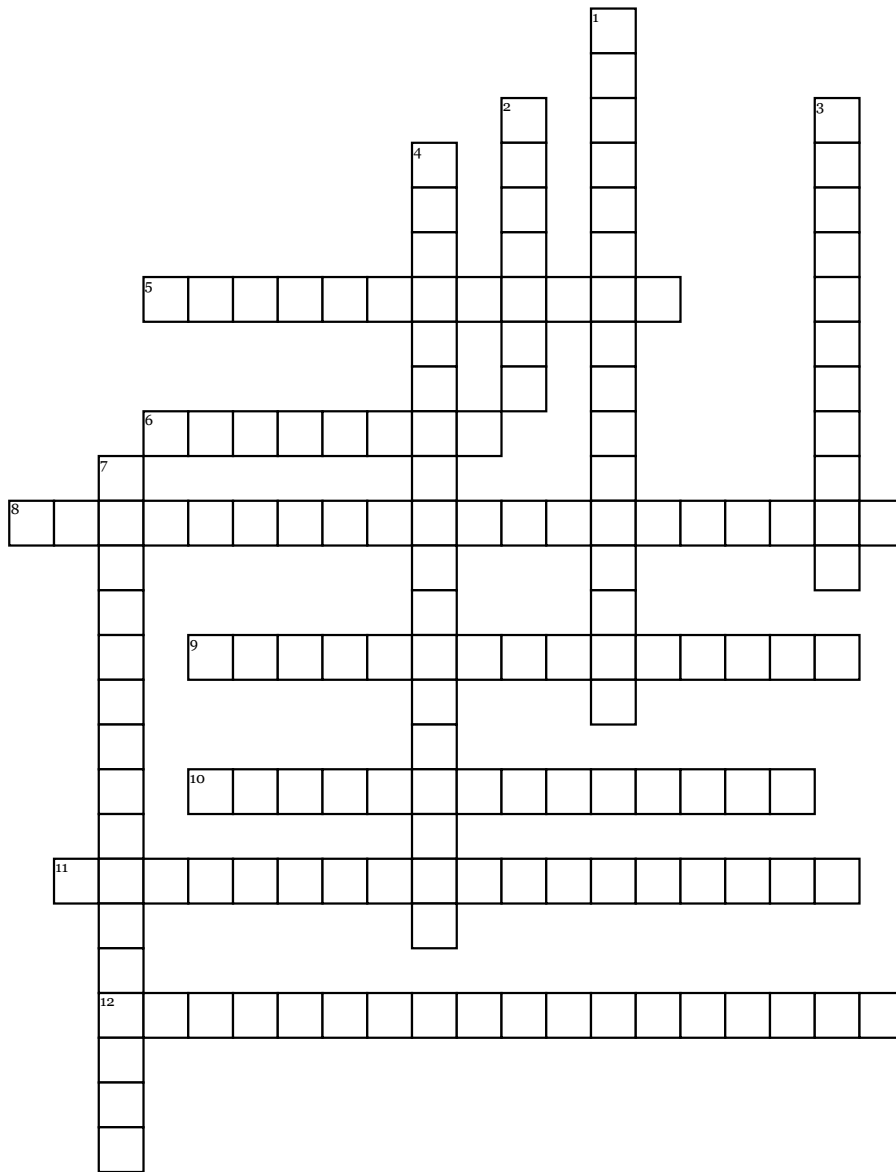


# Chapter 28 Key Terms



## **Across**

- 5.** the interest rate charged by the central bank on the loans that it gives to other commercial banks
- 6.** the speed with which money circulates through the economy; calculated as the nominal GDP divided by the money supply
- 8.** the central bank selling or buying Treasury bonds to influence the quantity of money and the level of interest rates
- 9.** moving in the opposite direction of the business cycle of economic downturns and upswings

- 10.** reserves banks hold that exceed the legally mandated limit
- 11.** a rule that the central bank is required to focus only on keeping inflation low
- 12.** the percentage amount of its total deposits that a bank is legally obligated to to either hold as cash in their vault or deposit with the central bank

## **Down**

- 1.** an insurance system that makes sure depositors in a bank do not lose their money, even if the bank goes bankrupt

- 2.** when depositors race to the bank to withdraw their deposits for fear that otherwise they would be lost
- 3.** institution which conducts a nation's monetary policy and regulates its banking system
- 4.** the purchase of long term government and private mortgage-backed securities by central banks to make credit available in hopes of stimulating aggregate demand
- 7.** the interest rate at which one bank lends funds to another bank overnight