**All about Money**

**For each of the following situations, use 1 for use as a medium of exchange, 2 for use of store of value, or 3 for use of unit of account.**

1. A student pays tuition at a local college.
2. A woman compares the cost of tennis shoes at several stores.
3. A student puts $20 in his wallet for emergency use.
4. A child puts her birthday money in a savings account.
5. A man pays $1 for a candy bar from a vending machine.
6. Friends use a color-coded pricing map to decide which tickets to buy for a concert.

|  |
| --- |
| **Calculate the value of M1 and M2 using th**Demand deposits $1,250 |
| Currency | 326 |
| Savings deposits | 4,854 |
| Certificate of deposits | 9, 270 |
| Traveler’s checks M1 =M2 = | 630 |

 7. Diamond

 7. Savings bond

 6. Quarter

 5. Silver certificate

 4. Stock

 3. 50 euro bill

 2. Silver bullion

 1. 5 dollar bill

**Identify the basis of money’s value for each of the following. Use 1 for fiat money, 2 for commodity money and 3 for representative money**

**e data given.**

# All about Money Answer Key

**3** Friends use a color-coded pricing map to decide which tickets to buy for a concert.

12.

**1** A man pays $1 for a candy bar from a vending machine.

11.

**2** A child puts her birthday money in a savings account.

10.

**2** A student puts $20 in his wallet for emergency use.

9.

**3** A woman compares the cost of tennis shoes at several stores.

8.

**1** A student pays tuition at a local college.

7.

**For each of the following situations, use 1 for use as a medium of exchange, 2 for use of store of value, or 3 for use of unit of account.**

|  |  |
| --- | --- |
| **Calculate the value of M1 and M2**Demand deposits | **using th**$1,250 |
| Currency | 326 |
| Savings deposits | 4,854 |
| Certificate of deposits | 9, 270 |
| Traveler’s checks | 630 |
| M1 = ***$1,250 + 326 + 630 = $2,206*** |  |
| M2 = ***$2,206 + 4,854 + 9,270 = $16,330*** |

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| **Identify the basis of money’s value for each of the following. Use 1 for fiat money, 2 for commodity money and 3 for representative money****1** 1. 5 dollar bill **2** 2. Silver bullion |
| **1** | 3. 50 euro bill5. Silver certificate | **3****1** | 4. Stock6. Quarter |
| **3** |
| **3** | 7. Savings bond | **2** | 7. Diamond |