

Lecture Review

Lecture 1:

- Covered administrative aspects of the course and a broad overview. Any questions?

Lecture 2:

- What is money and how is it measured?
- Historical development of money.
- Money and the macroeconomy.
- Money in a P.O.W. Camp.

Review: *What is Money?*

Money is something that fulfills three key roles

- *Medium of exchange*
- *Store of value*
- *Unit of account*

Characteristics:

- *Standardizability/Uniformity; Divisibility; Portability; Durability; Acceptability; Scarcity.*

Review: *Monetary Aggregates*

Glossary

- **Currency:** notes and coins held by the private non-bank sector
- **AFI:** All Financial Intermediaries (banks, credit unions, pension funds, stock exchanges, brokers, financial advisers).
- **ADI:** Authorised Deposit-taking Institutions (banks, credit unions, building societies). Supervised by the Australian Prudential Regulation Authority (APRA).
- **CUBS:** Credit Unions and Building Societies

Review: *Monetary Aggregates*

Glossary

- **Money Base:** currency (in circulation and at banks) + bank reserves (kept at RBA) + RBA liabilities to the private non-bank sector.
- **M1:** currency (C) + current deposits (D).
- **M3:** M1 + other deposits of private non-ADI sector at banks & CUBS.
- **Broad Money:** M3 + deposit-like borrowings of AFIs from the non-AFI private sector (eg. short term debt securities).