

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Turn in the Excel file via Canvas with your name on an otherwise blank sheet. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

This question refers to the spreadsheet “Lab” on the Excel file “[lab8.xlsx](#).” Each date is for the two-month period which starts then. So, “Jan. 2002” is for January and February of 2002.

1A) (40 points) Calculate the columns *Centered Moving Average*, *Preliminary Seasonal Indicator*, *Average Seasonal Indicator*, *Revised Seasonal Factor*, and *Total Seasonal Factor*.

B) (10 points) If the company sales of \$120 in the May and June of this year, what would the seasonally adjusted sales be? If the company did \$600 of sales this year, how much would you expect to be sold in the November and December? For both questions in Part B, do the calculation directly on the spreadsheet and type an explanation of what you did.

2) (40 points) Draw the supply and demand for the US\$ with the British pound, £, as the other currency. Draw a fixed exchange rate through the point which a floating exchange rate would be at. Beside it draw the diagram of the official exchange rate and the fundamental exchange rate. Draw the effects of an increase in purchase of US Treasury bonds on the open market, on both diagrams. Explain why the curve(s) moved as drawn and how you found where we are on both diagrams. Given your diagram, if the government does not want to change the peg, what is it forced to do on the foreign exchange market? Explain why that occurs. Illustrate the effects and explain why the curve(s) moved as drawn. How did you found the new equilibrium points on the two graphs?

3) (10 points) Is the IS curve flatter for an open economy or for a closed economy? Explain your logic.