

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. 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.

1) (20 points) Explain $S_{PVT} = (Y + NFP + TR + INT - T) - C$

2) (15 points) Explain the equation to the right, including why π^e appears twice: $r = \frac{i - \pi^e}{1 + \pi^e}$

3) (15 points) According to the article below, what is the inflation rate in Argentina? The article mentions at least two different interest rates, for one of them, calculate the real interest rate.

Show all work. <https://batimes.com.ar/news/economy/five-economic-issues-to-remain-on-the-agenda-in-2024.phtml>

4) (15 points) What is the difference between “saving” and a “savings” account? For each of them, determine if it is a stock or a flow. Explain your logic.

5) (15 points) Why do we care about the total saving a country does? Explain your logic. Note, this is 15 points, so I want more than just a couple of lines.

6) (20 points) Explain the difference between real GDP and nominal GDP? Which one do we worry about? Why do we worry about that one and not the other one? Give an example in your explanation.