

$$V_T(T) = S_T - F_T(T)$$

$$F_T(T) = S_T (1 + r)^T$$

$$w_i^* = \frac{1}{N}$$

Macroeconomics

Cheat Sheets

$$w_i^* = \frac{Q_i P_i}{\sum_{i=1}^N Q_i P_i}$$

365✓

Macroeconomics

AGGREGATE OUTPUT, PRICES, AND ECONOMIC GROWTH

Total GDP = Final value of goods and services produced (market value)
+ Government services (at cost)
+ Rental value of owner-occupied housing (an estimate)

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$$

$$\text{Nominal GDP}_t = P_t \times Q_t$$

$$\text{Real GDP}_t = P_b \times Q_t$$

t = Current year
b = Base year
P_t = Prices in year t
P_b = Prices in base year
Q_t = Quantity produced in year t

Expenditure Approach

Real GDP = Consumption spending (C) + Investment (I)
+ Government spending (G) + Net exports (X-M)

X = Exports
M = Imports

Income Approach

Real GDP = National income + Capital consumption allowance + Statistical discrepancy

Real GDP = Consumption spending (C) + Savings (S) + Taxes (T)

Savings (S) = Investments (I) + Fiscal Balance (G-T) + Trade Balance (X-M)

S - I = Fiscal Balance (G-T) + Trade Balance (X-M)

National Income = Employees' compensation
+ Corporate and government profits before taxes
+ Interest income
+ Unincorporated business net income (business owners' incomes)
+ Rent
+ Indirect business taxes
- Subsidies

Personal Income = National income
+ Transfer payments (social insurance, unemployment or disability payments)
- Indirect business taxes
- Corporate income taxes
- Undistributed corporate profits

Macroeconomics

AGGREGATE OUTPUT, PRICES, AND ECONOMIC GROWTH

Personal Disposable Income = Personal income - Personal taxes

Potential GDP = Aggregate hours worked x Labor productivity

→ **Aggregate hours worked** = Labor force x Average hours worked per week

→ **Growth in Potential GDP** = Growth in labor force + Growth in labor productivity

The Production Function

$$Y = A \times f(K, L)$$

Y = Aggregate output

A = Total Factor Productivity (TFP)

K = Capital

L = Labor

Growth in Potential GDP = Growth in technology + WL x (growth in labor) + WC x (growth in capital)

WL = Labor's percentage share of national income

WC = Capital's percentage share of national income

UNDERSTANDING BUSINESS CYCLES

Unemployment Rate = $\frac{\text{Number of unemployed people}}{\text{Total labor force}}$

Participation Rate (Activity Ratio) = $\frac{\text{Total labor force}}{\text{Total working-age population}}$

Labor Force = Unemployed people + Employed people

Unemployed = Looking for job

Consumer Price Index = $\frac{\text{Cost of basket at current-year prices}}{\text{Cost of basket at base-year prices}} \times 100$

Laspeyres' Index = $\frac{\sum (\text{Current-year price} \times \text{Base-year quantity})}{\sum (\text{Base-year price} \times \text{Base-year quantity})}$

Fisher's Index = $\sqrt{(\text{Laspeyres' Index}) \times (\text{Paasche Price Index})}$

Paasche Price Index = $\frac{\sum (\text{Current-year price} \times \text{Current-year quantity})}{\sum (\text{Base-year price} \times \text{Base-year quantity})}$

Macroeconomics

MONETARY AND FISCAL POLICY

$$\text{Money Multiplier} = \frac{1}{\text{Reserve requirement}}$$

$$\text{Fiscal Multiplier} = \frac{1}{1 - \text{MPC} \times (1 - t)}$$

MPC = Marginal propensity to consume
t = Tax rate

Equation of Exchange **MV = PY** (Money supply x Velocity = Price x Real output)

Fisher Effect **Nominal Interest Rate** = Real interest rate + Expected inflation rate

Neutral Interest Rate **Neutral interest rate** = Real trend rate of economic growth + Inflation target

INTERNATIONAL TRADE AND CAPITAL FLOWS

GDP **GDP = C + I + G + X - M**

C = Consumption
I = Investments
G = Government Spending
X = Export
M = Import

Balance of Payments Current Account + Capital Account + Financial Account = 0

Trade Balance **X - M** = Private Savings
+ Government Savings
- Investments in domestic capital





CURRENCY EXCHANGE RATES

$$\text{Real Exchange Rate} = \text{Nominal exchange rate} \times \frac{\text{CPI base currency}}{\text{CPI price currency}}$$

Master the Finance Skills Necessary to Succeed.

Now at **60% OFF!**

Become an expert in financial reporting, accounting, analysis, or modeling with our **comprehensive training program.**

-  Learn from industry-leading instructors and gain practical skills to advance your career.
-  Build your knowledge with self-paced courses and enjoy the flexibility of online learning.
-  Validate your skills with exams and certificates demonstrating your expertise to potential employers.
-  Stand out in the job market with a strong resume created with our resume builder.

Save 60% on an annual plan from the online learning program that helped more than **2 million people** advance their careers.

Start learning now

30-day money-back guarantee

$$V_T(T) = S_T - F_0(T)$$

$$F_0(T) = S_0 (1 + r)^T$$

$$w_i^* = \frac{1}{N}$$

Email: team@365financialanalyst.com

$$w_i^* = \frac{Q_i P_i}{\sum_{i=1}^N Q_i P_i}$$

365 