(Rada Panpanich 6404640945)

1. What are the four macroeconomics agents?
   What are the three markets in which the agents interact?
   - Four macroeconomics agents are :
     - House holds
     - Firms
     - The government
     - The rest of the world

   - Three market arenas:
     - The goods-and-services market.
     - The labor market.
     - The market (financial) market.

2. What is sticky price? Explain why price may be sticky.
   - sticky price is price adjust slowly to the equilibrium
   - the price may sticky because of the minimum wage policy employment contract and labor union.

3. Explain the four main categories of unemployment.
- Frictional unemployment. unemployment due to the normal turnover.
- Structural unemployment. unemployment due to the change in structure.
- Cyclical unemployment. unemployment due to fluctuations in business cycles
- Seasonal unemployment. unemployment due to changing seasons.

((question 4 is on the last page))

5. Unemployment rate is 0.4, and we cannot find the labor force participation rate because we do not know the total population 16 years or older.

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7. Unemployment rate in Europe will increase and frictional unemployment is most directly affected.

6. Discouraged-worker Effects is people who want to work but cannot find jobs become discouraged and stop looking for a jobs.
It can affect the unemployment rate by mislead people into thinking that more people have a jobs due to they are not include in calculation of the unemployment rate.

8. Inflation is an increase in the overall price level and because of the increasing of the price cause the reducing in one's purchasing power. When inflation may not be bad is when your wage is increasing.

9. Lender is better off because of the inflation, the value of everything is expensive, lender will receive the more valueable money than before.
E.g. receive 200 ฿ from borrower when the price of one pack of noodles decrease from 80 ฿ to 60 ฿.

10. When inflation rate is high, bank will set high nominal interest rate.

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11. inflation rate $(\pi) = \frac{150-120}{120} \times 100 = 25\%$

$\pi = 25\%$

$r = i - \pi$

$r = 30\% - 25\%$

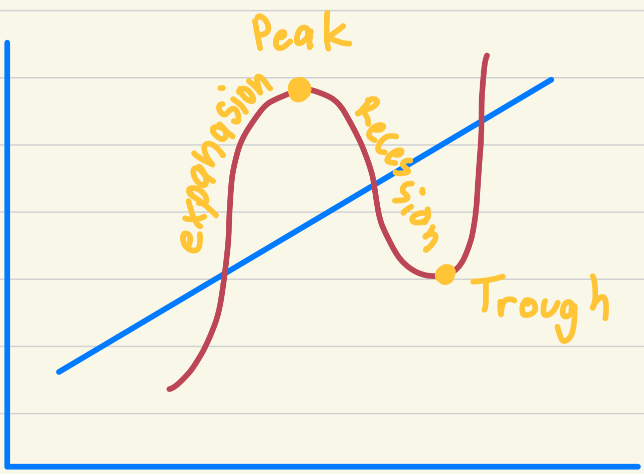
$= 5\%$

∴ Bank real interest rate is 5%

12. An increase in the supply of money is the root of inflation but moderate inflation levels are needed to drive consumption, assuming that higher levels of spending are crucial for economic growth

13. - menu cost : costs from changing menu / price lists frequently.
- shoe leather cost : the opportunity cost of holding cash outside bank is high.

14.



- Peak
- Trough
- Trough, e.g. COVID pandemic or when there is a huge number of unemployment.
- Peak, when the economic have a high number of growth.

15. Due to the increasing in capital and labor, product will have a high level of quality and labor will produce more goods. So the output grow.

4. Classify the following events into the categories of unemployment.
- Some friends just graduated from college and have been looking for jobs. frictional unemployment
- Christine lost her job as a biologist at a biotech-company when the whole industry went into recession. cyclical unemployment
- Gerhard, who used to be a taxi driver, stopped looking for a job three months after he lost his job. frictional unemployment
- Dirk used to work as a wooden-doll maker. Now all kids want plastic dolls, so he is out of work. structual unemployment
- The hotel part-timers were laid off during low season. seasonal
- Aditi, a high-tech engineer, just decided to quit her job; she is being interviewed for a better-paid job in a multinational company. frictional unemployment
- A man lost his job as a public reader as literacy has increased in his village. structual unemployment