



Lyn Alden   
@LynAldenContact · [Follow](#)



100 million people woke up today with their savings worth 8% less than the prior day.

Official inflation in Egypt is 18.7% while the interest rate is 16.3%.

And for people in the country without bank accounts (a somewhat high %) they get the inflation without the interest.



Lyn Alden  @LynAldenContact

Egypt had another stepwise devaluation of its currency, resulting in a ~7% decline relative to the dollar \*today\*.

1 Egyptian Pound equals

0.038 United States  
Dollar

Jan 4, 3:57 PM UTC · Disclaimer

1D 5D 1M 1Y 5Y Max



8:19 AM · Jan 4, 2023



207



Reply



Copy link

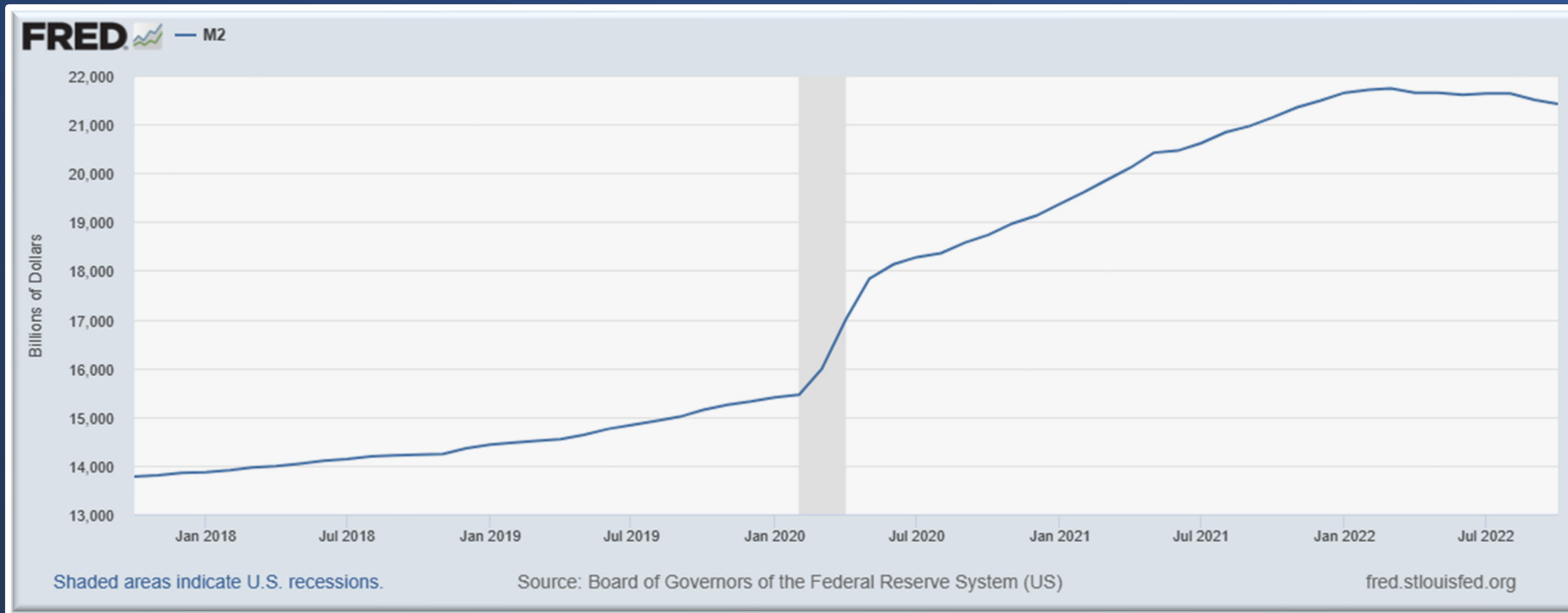
[Read 30 replies](#)

The surprising way the  
money supply grows and  
shrinks in our economy

Overview of  
money  
creation and  
destruction



# Money Supply -- M2



M2 is a measure of the money supply. M2 includes cash, checking deposits, savings deposits, and other deposit types readily convertible to cash.

## Source:

Board of Governors of the Federal Reserve System (US), M2 [M2SL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/M2SL>, December 19, 2022.

Total Money Supply: \$1,000

I will deposit my cash in my bank



Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand <b>\$1,000</b></li></ul>	

Assets	Liabilities

# Total Money Supply: \$1,000



Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand \$100 ↓</li><li>Savings Account \$900 ↑</li></ul>	

Deposit \$900



Assets	Liabilities
<ul style="list-style-type: none"><li>Bank Reserves \$900 ↑</li></ul>	<ul style="list-style-type: none"><li>Customer Deposits \$900 ↑</li></ul>

# Total Money Supply: \$1,000



Assets	Liabilities
<ul style="list-style-type: none"><li>• Cash On Hand \$100</li><li>• Savings Account \$900</li></ul>	

Assets	Liabilities
<ul style="list-style-type: none"><li>• Bank Reserves \$900</li></ul>	<ul style="list-style-type: none"><li>• Customer Deposits \$900</li></ul>

Assets	Liabilities

Total Money Supply: \$1,500 ↑



Loan \$500



Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand \$100</li><li>Savings Account \$900</li></ul>	

Assets	Liabilities
<ul style="list-style-type: none"><li>Bank Reserves \$900</li><li>Loans to Borrowers \$500 ↑</li></ul>	<ul style="list-style-type: none"><li>Customers Deposits \$1,400 ↑</li></ul>

Assets	Liabilities
<ul style="list-style-type: none"><li>Checking Account \$500 ↑</li></ul>	<ul style="list-style-type: none"><li>Loan to Bank \$500 ↑</li></ul>



# Total Money Supply: \$1,500



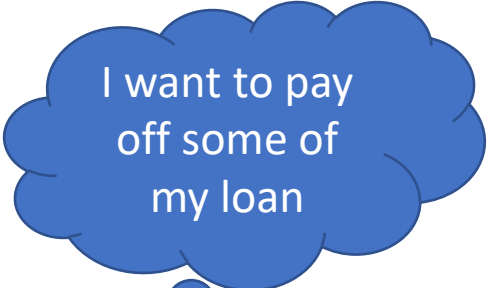
Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand \$100</li><li>Savings Account \$900</li></ul>	

Assets	Liabilities
<ul style="list-style-type: none"><li>Bank Reserves <b>\$700</b> ↓</li><li>Loans to Borrowers \$500</li></ul>	<ul style="list-style-type: none"><li>Customers Deposits <b>\$1,200</b> ↓</li></ul>

Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand <b>\$200</b> ↑</li><li>Checking Account <b>\$300</b> ↓</li></ul>	<ul style="list-style-type: none"><li>Loan to Bank \$500</li></ul>



# Total Money Supply: \$1,500



Assets	Liabilities
<ul style="list-style-type: none"><li>• Cash On Hand \$100</li><li>• Savings Account \$900</li></ul>	

Assets	Liabilities
<ul style="list-style-type: none"><li>• Bank Reserves \$700</li><li>• Loans to Borrowers \$500</li></ul>	<ul style="list-style-type: none"><li>• Customers Deposits \$1,200</li></ul>

Assets	Liabilities
<ul style="list-style-type: none"><li>• Cash On Hand \$200</li><li>• Checking Account \$300</li></ul>	<ul style="list-style-type: none"><li>• Loan to Bank \$500</li></ul>

Total Money Supply: \$1,400 ↓



← Loan Principal \$100



Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand \$100</li><li>Savings Account \$900</li></ul>	

Assets	Liabilities
<ul style="list-style-type: none"><li>Bank Reserves \$800 ↑</li><li>Loans to Borrowers \$400 ↓</li></ul>	<ul style="list-style-type: none"><li>Customers Deposits \$1,200</li></ul>

Assets	Liabilities
<ul style="list-style-type: none"><li>Cash On Hand \$100 ↓</li><li>Checking Account \$300</li></ul>	<ul style="list-style-type: none"><li>Loan to Bank \$400 ↓</li></ul>

- Banks **create money by lending**, which **increases** the total supply of money
- Borrowers **destroy money by repaying bank loans**, which **decreases** the total supply of money
- The U.S. Federal Reserve sets bank reserve requirements
  - Banks can lend excess reserves, but must retain required reserves
  - **Current requirement ratios for U.S. banks are 0%**

Board of Governors of the Federal Reserve System

Sections

< Policy Tools

## Policy Tools

### Reserve Requirements

As [announced](#) on March 15, 2020, the Board reduced reserve requirement ratios to zero percent effective March 26, 2020. This action eliminated reserve requirements for all depository institutions.

- [FAQs](#)

The following content explains the Board's authority to impose reserve requirements and how reserve requirements were administered prior to the change in reserve requirement ratios to zero. Additional detail on this reserve requirement regime can be found in the archived Reserve Maintenance Manual: [HTML](#) | [PDF](#).

The Federal Reserve Act authorizes the Board to establish reserve requirements within specified ranges for purposes of implementing monetary policy on certain types of deposits and other liabilities of depository institutions.

The dollar amount of a depository institution's reserve requirement is determined by applying the reserve requirement ratios specified in the Board's Regulation D (Reserve Requirements of Depository Institutions, 12 CFR Part 204) to an institution's reservable liabilities (see [table of reserve requirements](#)). The Federal Reserve Act authorizes the Board to impose reserve requirements on transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities.



# MONOPOLY

**BANKER:** Select as Banker a player who will also make a good Auctioneer. A Banker who plays in the game must keep his/her personal funds separate from those of the Bank. When more than five persons play, the Banker may elect to act only as Banker and Auctioneer.



**THE BANK:** Besides the Bank's money, the Bank holds the Title Deed cards and houses and hotels prior to purchase and use by the players. The Bank pays salaries and bonuses. It sells and auctions properties and hands out their proper Title Deed cards; it sells houses and hotels to the players and loans money when required on mortgages.

The Bank collects all taxes, fines, loans and interest, and the price of all properties which it sells and auctions.

The Bank never "goes broke." If the Bank runs out of money, the Banker may issue as much more as needed by writing on any ordinary paper.