

## Study Questions on FOMC

1. What are the goals that Fed can pursue through the monetary policy, what instruments Fed has at its disposal to implement the monetary policies and why are open market operations the most influential of these tools?
2. Explain the mechanism through which open market operations affect money market and other markets conditions. Use balance sheets to show how the open market operations work.
3. What are the powers and tasks of the Federal Open Market Committee (FOMC) and how does it obtain information on the market situation? Why is the accuracy of this information relevant? What are the operating techniques used by the FOMC to execute open market transactions?
4. Why does it make a difference if the System Open Market Account deals only with the recognized dealers and is in position to identify individual transactions? Why does the structure and organization of the FOMC matter?