

**Econ 331 – Intermediate Macroeconomics - Homework N6**  
**4.5 points**

NAME \_\_\_\_\_

**N1.** (2.5 points) Derive the LM curve (you should show 2 (two) graphs). Shortly explain the derivation.

**N2.** (2 points) Show what happens to the LM curve if

- a) there is an increase in money supply
- b) there is a decrease in money supply
- c) there is an increase in consumers' confidence
- d) there is a decrease in consumers' confidence