

Economics 423

Fall 2019

Tutorial Exercise 1

This tutorial requires you to work through examples in GTB Chapter 1. We will not cover the examples in lectures, but only discuss the intuition. The examples are examinable on the midterm, and provide a very good introduction to major banking problems that appear later in the course.

1. GTB Example 1.2 page 7.
2. GTB Example 1.3 page 8. (Note: Consider a call option version of the example.)
3. GTB Example 1.4 page 9
4. GTB Example 1.5 page 10
5. GTB Example 1.6 page 12
6. GTB Example 1.7 page 14