

Quantitative Easing (QE)

Write a short paragraph outlining how governments usually borrow

Define the following key terms, relating to bonds:

Face value	
Maturity date	
Coupon value	
Coupon date	
Yield	

What factors might cause the price of a bond to rise?

Explain the relationship between bond prices and yields. You might want to use a numerical example to help you.



Briefly describe what has happened to UK bond yields in recent years:

Write an analytical paragraph explaining how the use of QE should, in theory, lead to rising AD:

Summarise the 4 main channels through which QE works:

- 1.
- 2.
- 3.
- 4.

Why might a Central Bank decide to use QE?



The impact of QE can be illustrated using a range of economics diagrams. Draw and explain the following 4 diagrams.

Diagram	Explanation
The money market	
The bond market	
The Foreign Exchange market	



AD/AS diagram	
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Briefly summarise the UK's QE programme so far:

Evaluating QE

Note down 4 advantages of using QE:

- 1.
- 2.
- 3.
- 4.



Note down 4 disadvantages of using QE:

- 1.
- 2.
- 3.
- 4.

Note down 4 general comments and things to think about when using QE:

- 1.
- 2.
- 3.
- 4.

On a separate piece of paper, write a short journalistic style article, arguing either that QE has been really effective and useful for the UK economy, or that QE has been a mistake. Make sure to use UK macroeconomic data!

