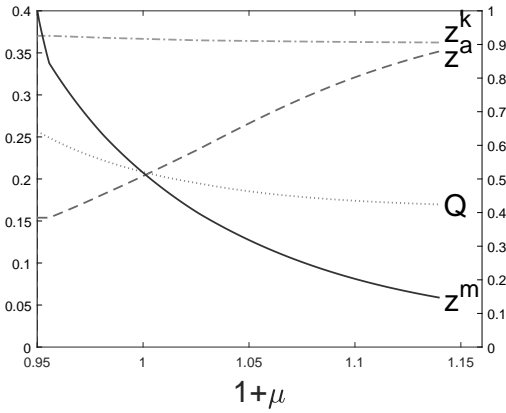
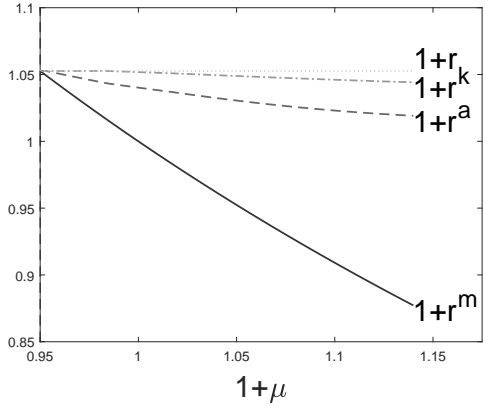


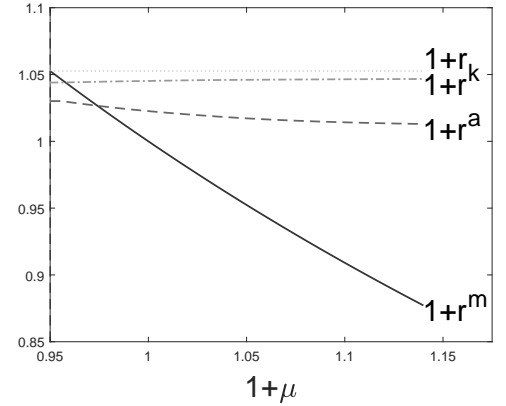
(a) Liquidity and Volume in Case (i).



(b) Liquidity and Volume in Case (ii).



(c) Returns in Case (i).



(d) Returns in Case (ii).

Figure 1: The Effects of Changing μ .

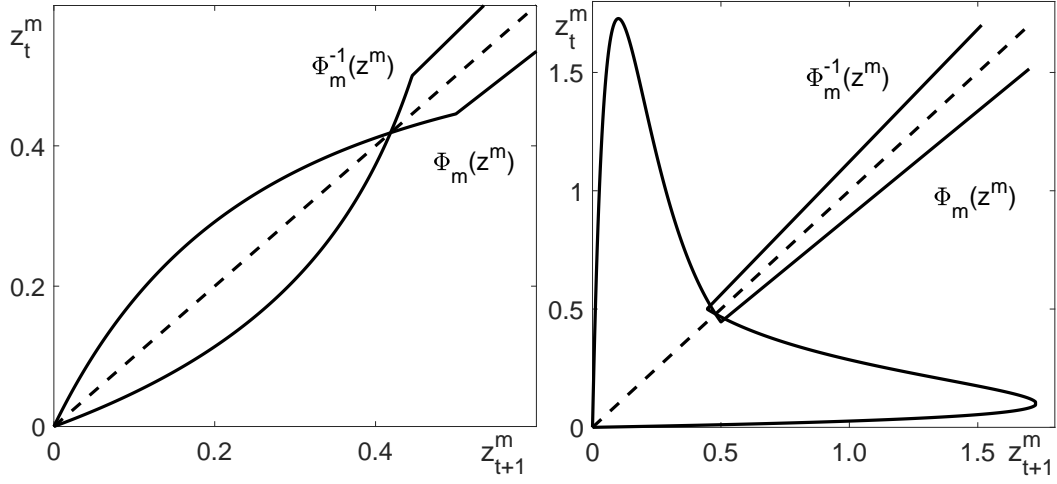


Figure 2: (a) Monotone Φ and (b) Nonmonotone Φ .

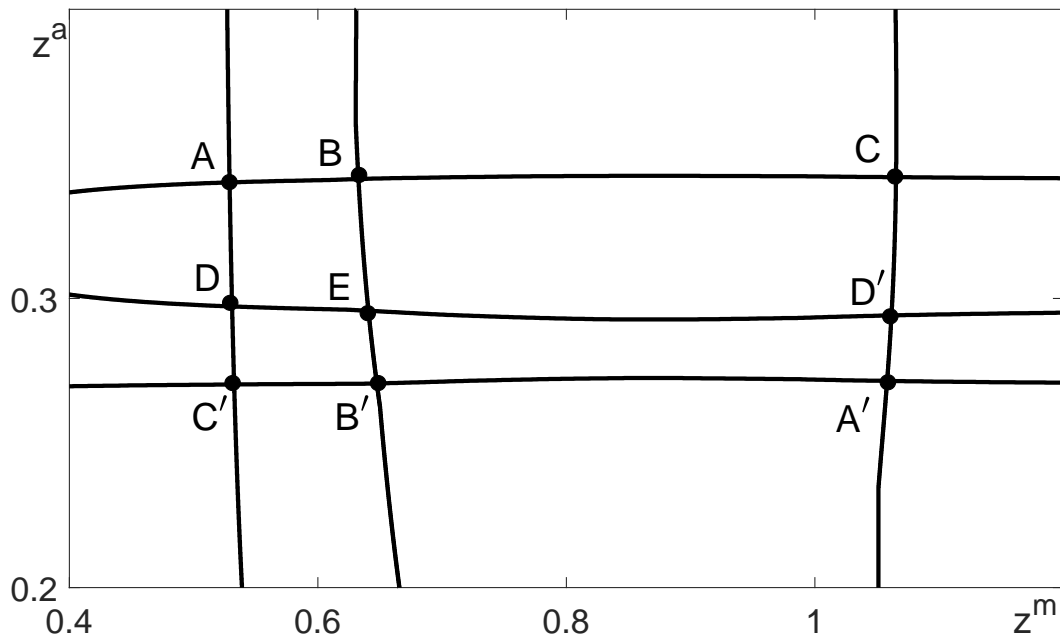


Figure 3: Different 2-Cycles when m and a Interact.

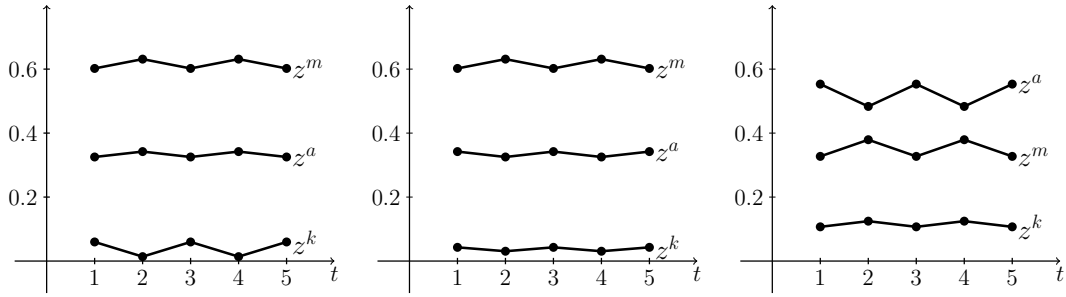
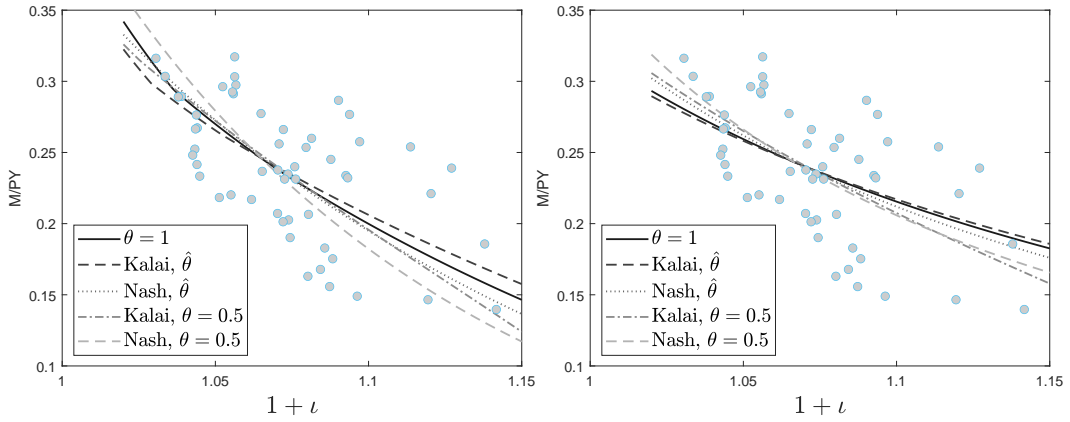
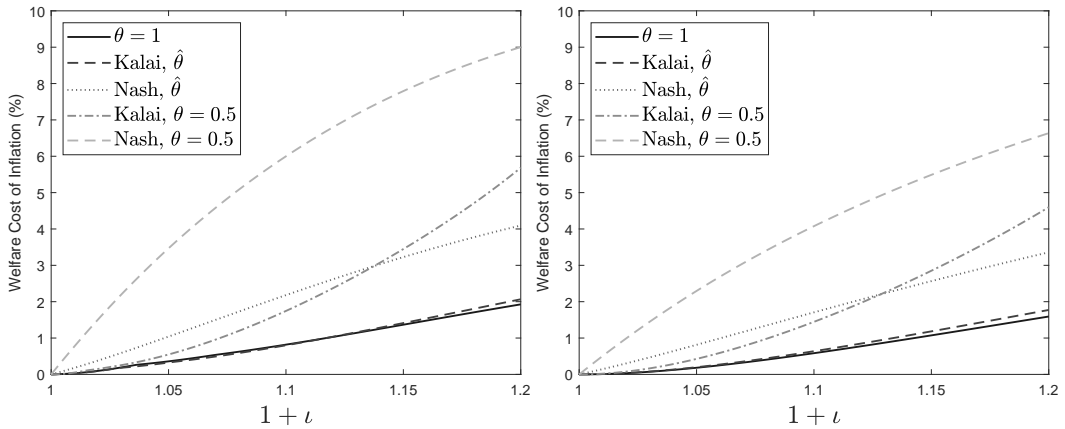


Figure 4: Cycles with Different Patterns.



(a) Money Demand with m, a, k .

(b) Money Demand with only m .



(c) Welfare Cost with m, a, k .

(d) Welfare Cost with only m .

Figure 5: Money Demand and Welfare Cost of Inflation.