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FORMULA SHEET

CFA® Program Level I

Economics Formula Sheet

2027 curriculum · 8 readings · 23 formulas

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Version v2027.3 · October 2026

ABOUT THIS EDITION

CredGuild · CFA® Program Level I · Economics Formula Sheet
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USING THIS BOOK

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Every formula in the CredGuild notes for the 2027 CFA® Program Level I curriculum, Economics, reading by reading, each with what it is for. Worked numbers are left out. Use it for a last check of the equations; the notes explain where each one comes from.

To learn a reading in full, open its notes at credguild.com. This sheet is free to print and share: credguild.com/cfa/level-1/formula-sheet/

CFA® PROGRAM LEVEL I · FORMULA SHEET

Economics

Exam weight 6–9% · 6 readings · 23 formulas

12 The Firm and Market Structures

The two concentration measures

$$\text{N-firm concentration ratio} = \sum_{i=1}^{N} s_i$$

$$\text{HHI} = \sum_{i=1}^{N} s_i^2$$

14 Fiscal Policy

Fiscal policy tools: spending and revenue, advantages and disadvantages

$$\text{fiscal multiplier} = \frac{1}{1 - MPC(1 - t)}$$

$$\Delta AD_{\text{tax}} = -\Delta T \times MPC \times \text{fiscal multiplier}$$

15 Monetary Policy

Effective central banks, targeting regimes and limits of policy

$$\text{neutral interest rate} = \text{real trend rate of economic growth} + \text{inflation target}$$

17 International Trade

Tariff welfare formulas (small country)

$$\text{Loss of consumer surplus} = \frac{Q_{D,0} + Q_{D,1}}{2}\Delta P$$

$$\text{Gain in producer surplus} = \frac{Q_{S,0} + Q_{S,1}}{2}\Delta P$$

$$\text{Tariff revenue} = M_1 \Delta P = (Q_{D,1} - Q_{S,1})\Delta P$$

$$\text{Deadweight loss} = \text{consumer surplus loss} - \text{producer surplus gain} - \text{t}$$

$$= \frac{1}{2}(Q_{S,1} - Q_{S,0})\Delta P + \frac{1}{2}(Q_{D,0} - Q_{D,1})\Delta P$$

18 Capital Flows and the FX Market

Nominal and real exchange rates

$$\text{real P/B rate} = \text{nominal P/B rate} \times \frac{CPI_{\text{base currency}}}{CPI_{\text{price currency}}}$$

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Percentage change in a currency's value	$\%\Delta \text{ base} = \dfrac{\text{new P/B}}{\text{old P/B}} - 1$ $\%\Delta \text{ price} = \dfrac{1/\text{new P/B}}{1/\text{old P/B}} - 1 = \dfrac{\text{old P/B}}{\text{new P/B}} - 1$
Exchange rates, trade and capital flows	$(X - M) \equiv (S - I) + (T - G)$

19 Exchange Rate Calculations

Currency cross-rates	$\dfrac{A}{C} = \dfrac{A}{B} \times \dfrac{B}{C}$
The no-arbitrage (interest rate parity) relation	$(1 + r_d) = \dfrac{1}{S_{d/f}} (1 + r_f) F_{d/f}$ $\dfrac{F_{d/f}}{S_{d/f}} = \dfrac{1 + r_d}{1 + r_f}$ $F_{d/f} = S_{d/f} \dfrac{1 + r_d}{1 + r_f}$ $S_{d/f} = F_{d/f} \dfrac{1 + r_f}{1 + r_d}$ $\dfrac{F_{d/f}}{S_{d/f}} - 1 = \dfrac{r_d - r_f}{1 + r_f} \approx r_d - r_f$ $F = S \times \dfrac{1 + r_{\text{price}} (\text{days}/360)}{1 + r_{\text{base}} (\text{days}/360)}$
Forward quotes in points or percentages	$F = S + (\text{points} \times \text{point size})$ $F = S \times (1 + \text{percentage})$
Forward premium or discount	$\text{forward premium } (+) \text{ or discount } (\text{-}) = \dfrac{F}{S} - 1$

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