



1. Interest Rates

– Businesses borrow to
finance investment

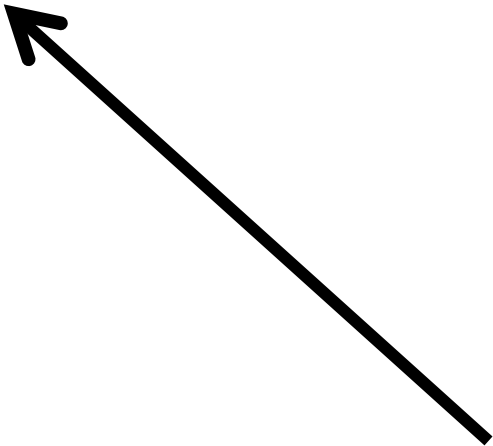
– Consumers borrow to
purchase new homes

As interest rates rise,
investment decreases

interests are satisfied







Investment

What determines
Investment spending?

Inverse relationship
between Investment
and interest rates

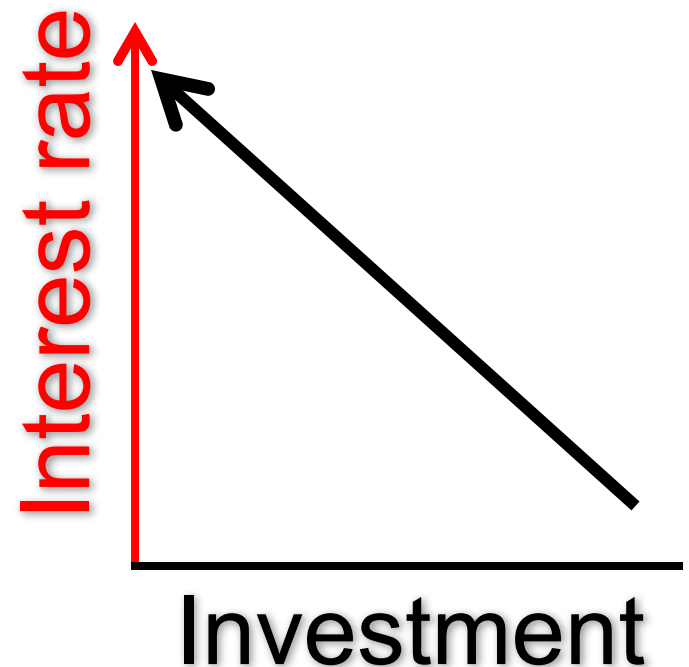
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