



# Interest Rate

Lenders Supply funds in this market: banks,  
consumers, the U.S. Government

Borrowers Demand funds in this market:  
consumers, firms, the U.S. Government



Price of Money

# Money Market

**M**

a





**K**

















S

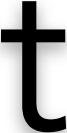
a



**b**



S

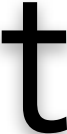






o

e



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**m**



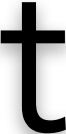


n





n



e



e



**S**

a

e

**S**

Market Forces are best to determine interest rates

Money Market  Interest Rate

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