





# 1. Interest Rates

– Businesses borrow to  
finance investment

– Consumers borrow to  
purchase new homes

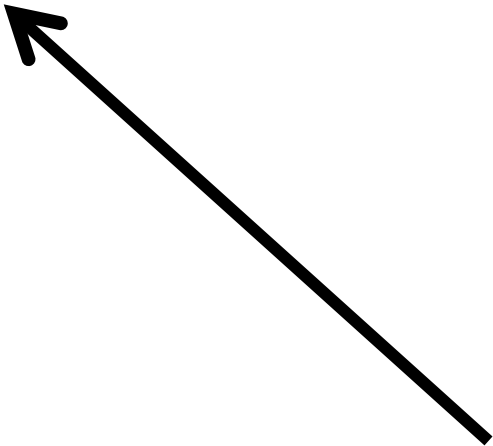
As interest rates rise,  
investment decreases

interests are satisfied









Investment

What determines  
Investment spending?

Inverse relationship  
between Investment  
and interest rates

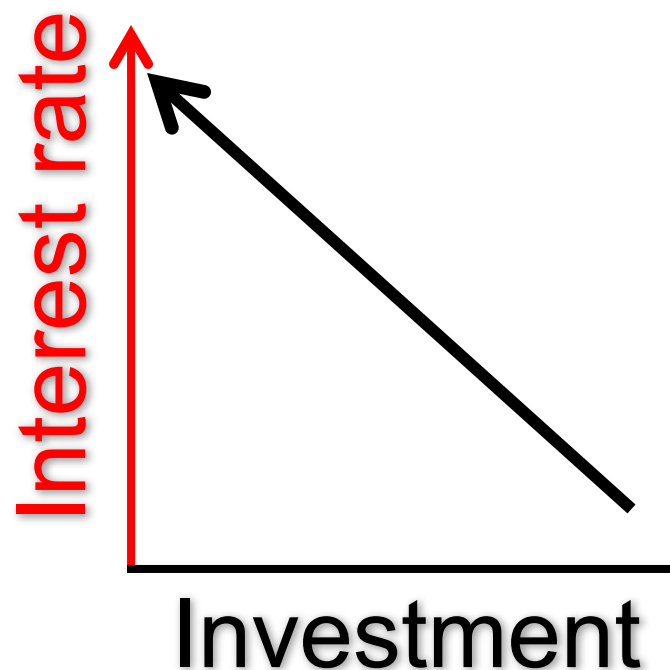
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