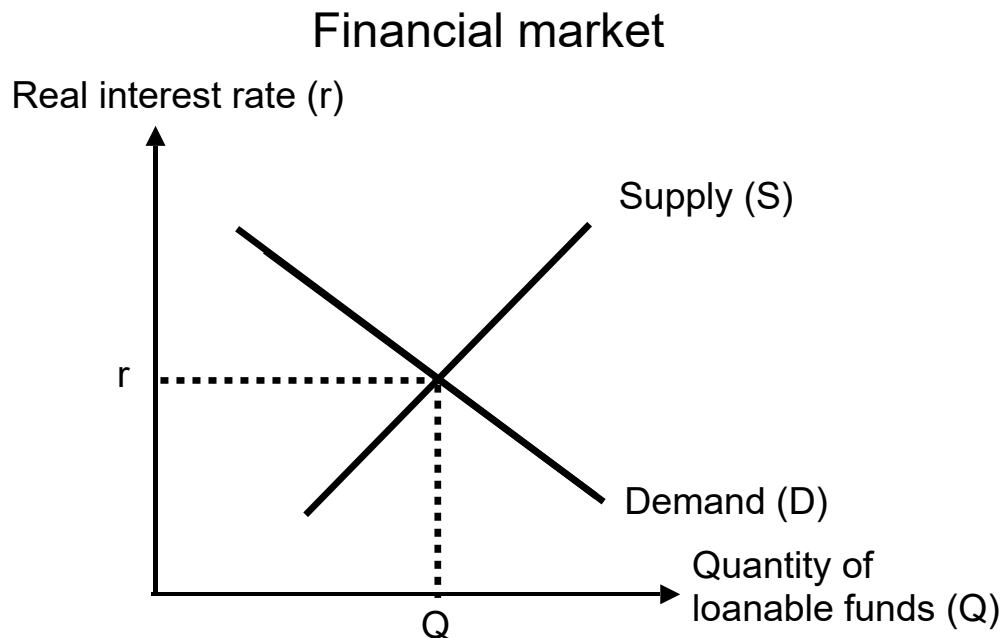
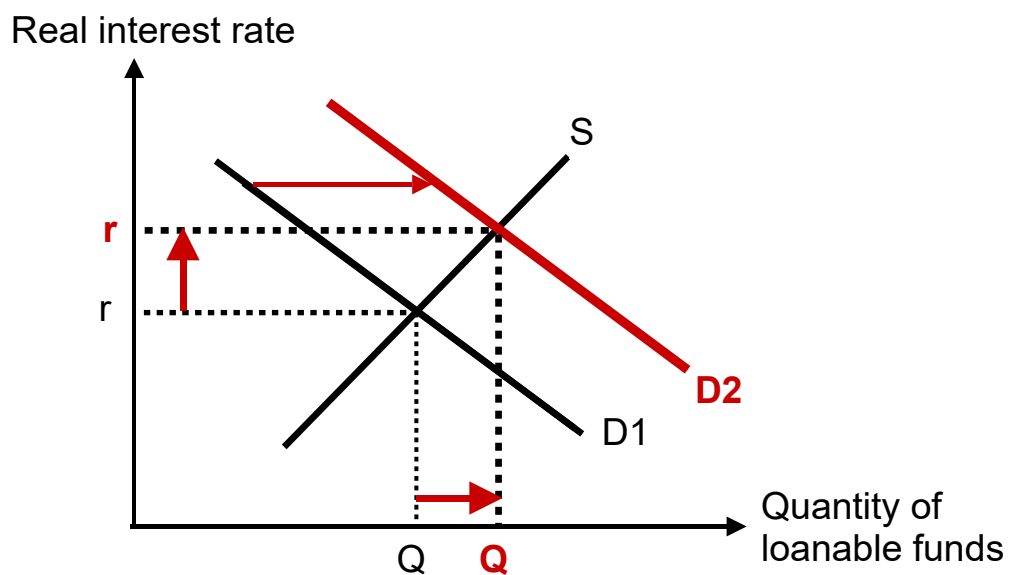


# Financial market (shifts)

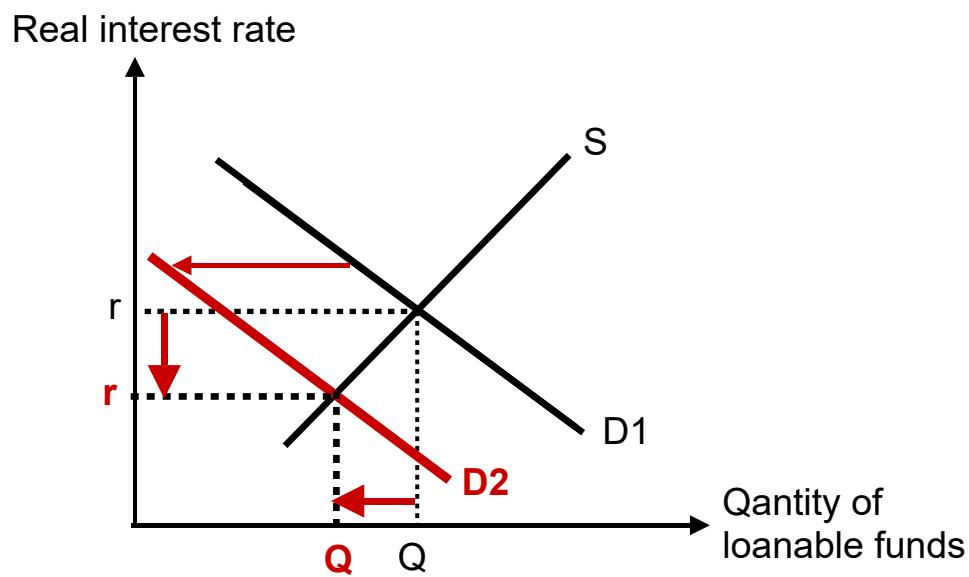
- 1 **Initial situation:** supply by lenders, demand by borrowers



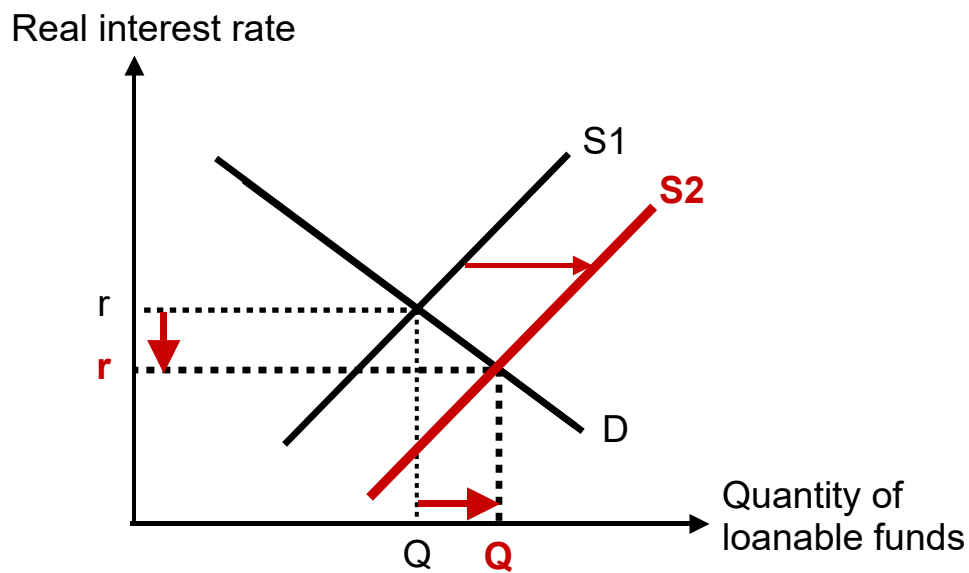
- 2 **Demand rises;** result:  $r$  and  $Q$  rise.



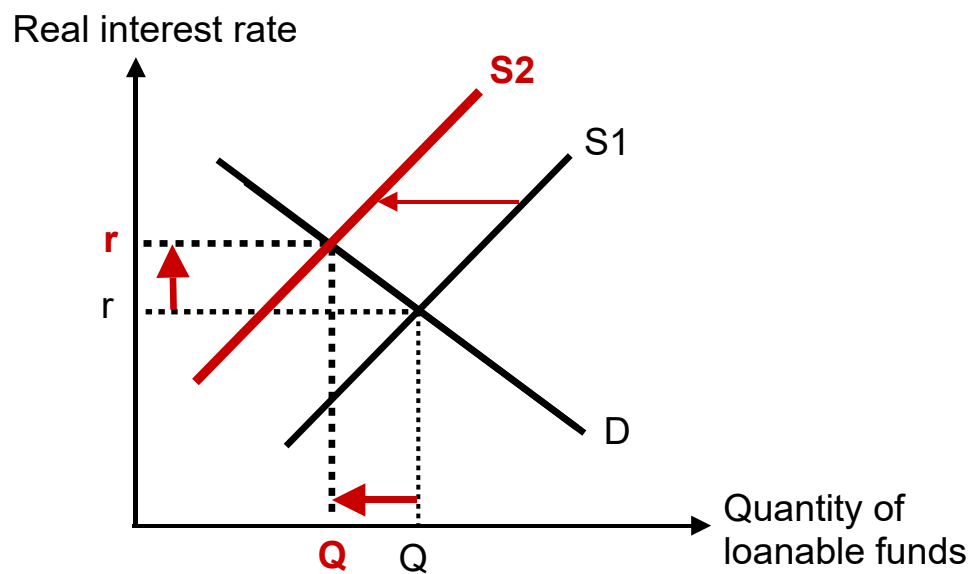
**3 Demand falls;** result:  $r$  and  $Q$  fall.



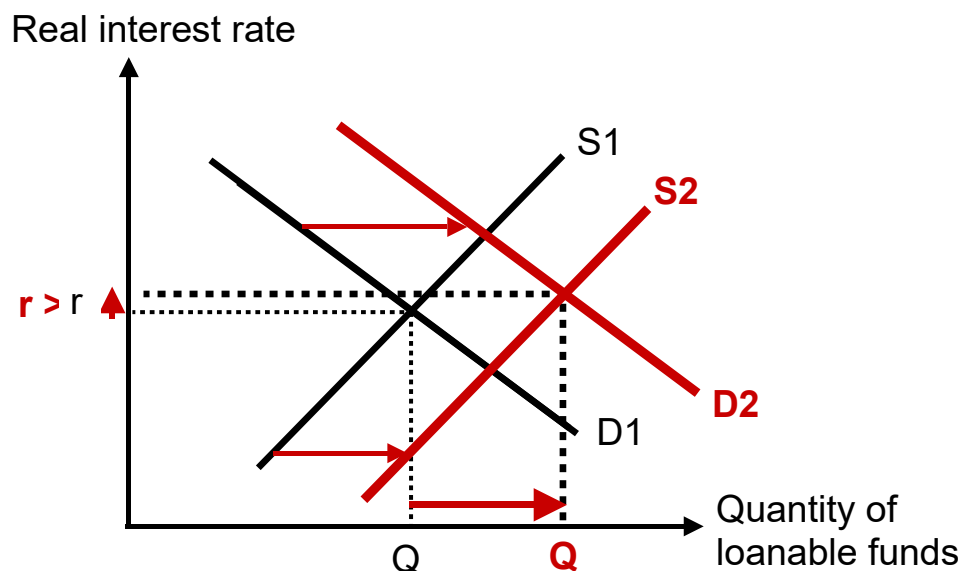
**4 Supply rises;** result:  $r$  falls,  $Q$  rises.



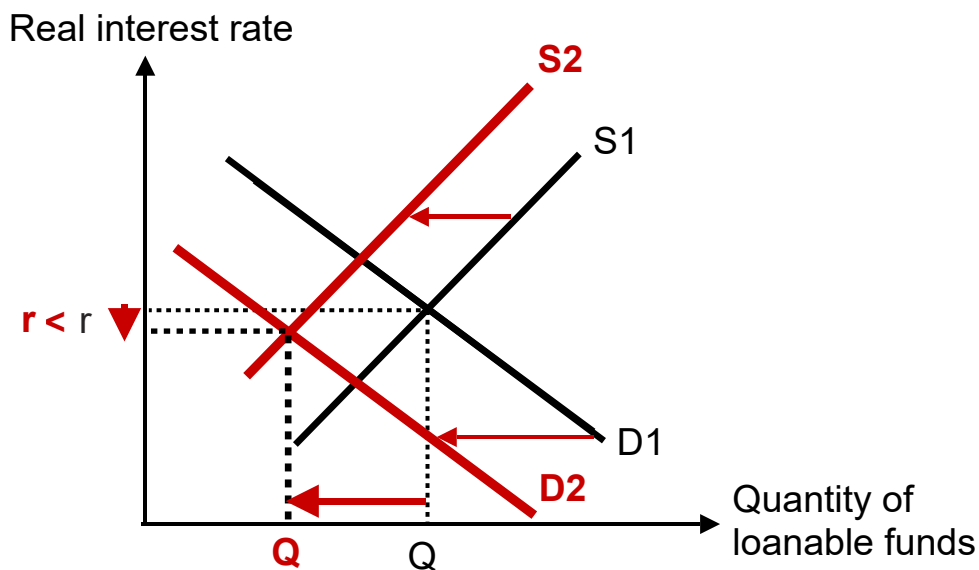
**5 Supply falls; result:  $r$  rises,  $Q$  falls.**



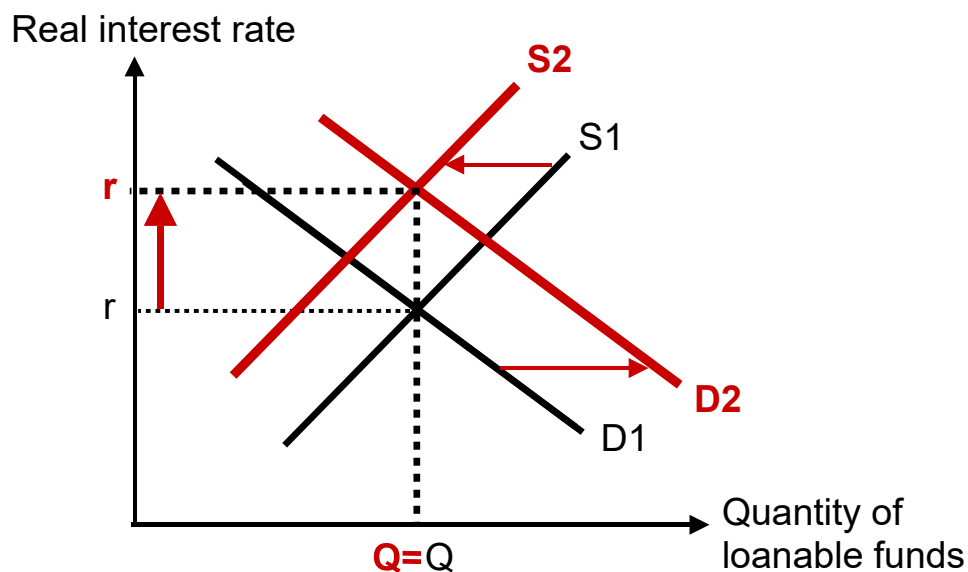
**6 Demand and supply rise; result:  $Q$  rises,  $r$  may rise (as in our case), fall, or remain the same (depending on the shift in  $D$  and  $S$ ).**



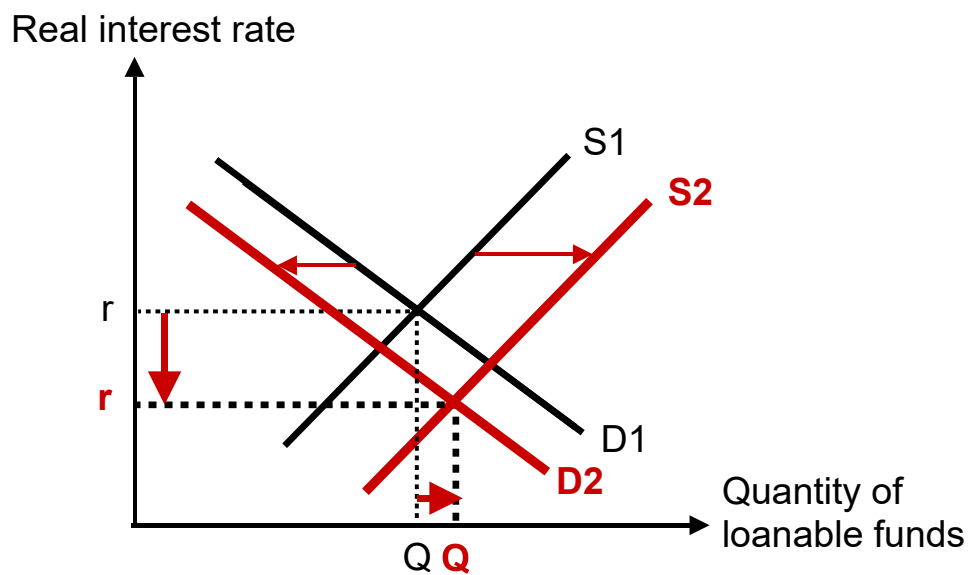
- 7 **Demand and supply fall;** result:  $Q$  falls,  $r$  may rise, fall (as in our case), or remain the same (depending on the shift in  $D$  and  $S$ ).



- 8 **Demand rises, supply falls;** result:  $r$  rises,  $Q$  may rise, fall, or remain the same (as in our case) (depending on the shift in  $D$  and  $S$ ).



- 9 **Demand falls, supply rises;** result:  $r$  falls,  $Q$  may rise (as in our case), fall, or remain the same (depending on the shift in  $D$  and  $S$ ).



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