

# Loanable Funds Drill Set 1

Create the appropriate graphs for the following problems.

1. The rate of savings increases in the U.S. What happens in the loanable funds market?
2. Businesses borrow more to build new manufacturing plants. What happens in the loanable funds market?
3. The federal government borrows substantial amounts of money to cover its debt. What will happen in the loanable funds market?
4. What happens in the loanable funds market if people decrease their savings? Show it.
5. Businesses borrow less. What happens in the loanable funds market?
6. The U.S. government reduces its borrowing. What happens in the loanable funds market?