Learning objectives checklist

1. What are interest rates?  

2. What determines the interest rates? What is the upper and lower limit of interest rates?  

3. In the long run, through what framework do we determine the interest rates? What is the equilibrium point called? What are the factors that shift the investment and saving curves?  

4. In the short run, through what framework do we determine the interest rates? What are the sources of supply and demand for Loanable funds? What are the factors of that shift the demand and supply of Loanable funds?  

5. What is Fisher equation (both the exact and the simplified one)? How to calculate the lender compensation? What is the realized real rate? When is the realized real rate positive, negative or zero?