
2. Use either bond supply and demand analysis or liquidity preference framework to predict how each of the following events would affect the interest rate. Explain your answer.

   (a) The tax deduction for home mortgage interest payment is eliminated.
   (b) The popular reality TV series Apprentice runs every night, causing people to stay home to watch it and spend much less money than usual.
   (c) A sudden increase in the volatility of gold prices.
   (d) A large federal deficit.
   (e) Brokerage commissions on stocks fall.