



Figure 41.1

Real and Nominal Interest Rates

| Year | Nominal Interest Rate | Inflation Rate | Real Interest Rate |
|------|-----------------------|----------------|--------------------|
| 1991 | 5.41% | 3.12% | |
| 1992 | 3.46 | 2.30 | |
| 1993 | 3.02 | 2.42 | |
| 1994 | 4.27 | 2.05 | |
| 1995 | 5.51 | 2.12 | |
| 1996 | 5.02 | 1.87 | |
| 1997 | 5.07 | 1.85 | |
| 1998 | 4.78 | 1.14 | |
| 1999 | 4.64 | 1.56 | |
| 2000 | 5.82 | 2.29 | |
| 2001 | 3.39 | 1.96 | |

- Figure 41.1 provides the nominal interest rates and inflation rates for the years 1991 through 2001.
 - Compute the actual real interest rates for 1991 through 2001.
 - Graph the nominal interest rates and the actual real interest rates on Figure 41.2.



Figure 41.2

Real and Nominal Interest Rates

