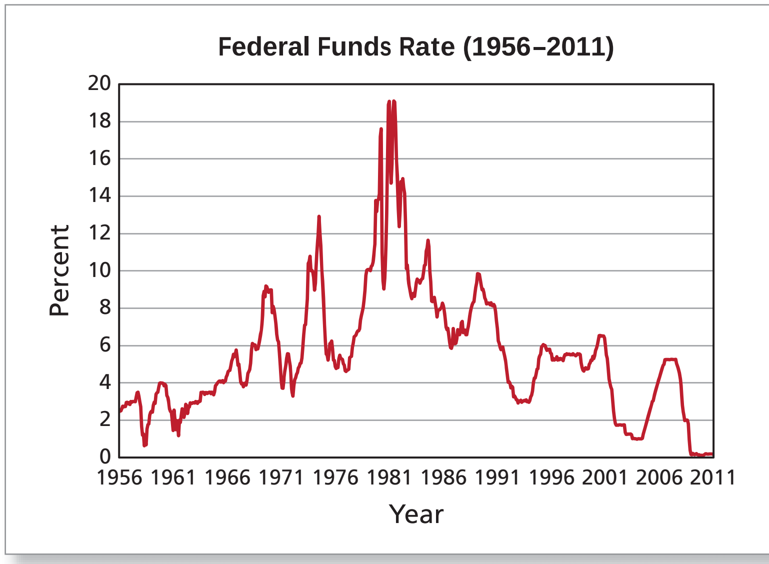
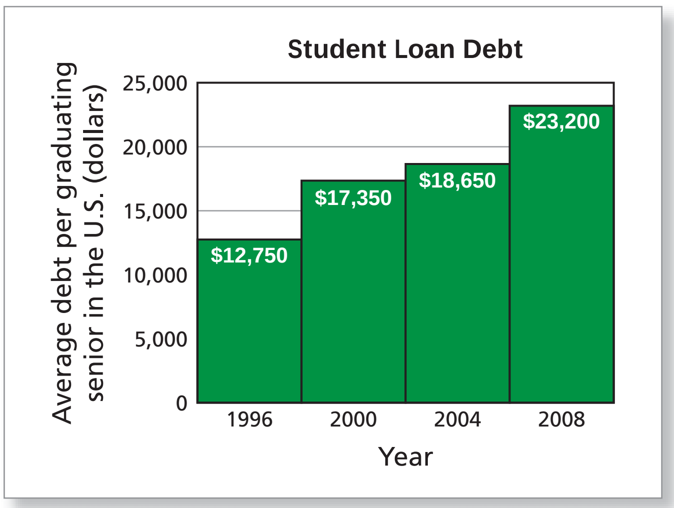
Federal Funds Rate **In Exercises 13 and 14, use the graph.** ***(See Example 5.)***

13. The *federal funds rate* is the interest rate that banks charge each other for overnight loans. Do you think the prime interest rate and the federal funds rate are related? Explain.

14. The APR on a *fixed-rate loan* stays the same during the term of the loan. The APR on an *adjustable-rate loan* generally increases and decreases along with rates set by the Federal Reserve, but it starts out at a lesser rate than a fixed-rate loan. When do you think an adjustable-rate loan would have been cheaper than a fixed-rate loan? Which is more risky? Explain.





Student Loans **In Exercises 15 and 16, use the bar graph.** ***(See Example 6.)***

15. Taking inflation into account, did the typical graduating senior have more student loan debt in 2004 than in 2000? Explain.

16. Taking inflation into account, did the typical graduating senior have more student loan debt in 2008 than in 1996? Explain.

17. **Credit Card Debt** In 2000, there were 159 million credit card holders with a total of \$680 billion in outstanding credit card debt. In 2008, there were 176 million credit card holders with a total of \$976 billion in outstanding credit card debt. Did the typical credit card holder have more outstanding credit card debt in 2008 than in 2000? Explain. *(See Example 6.)*

18. **Mortgage Debt** Consumer credit does not include home mortgages. The graph shows consumer credit and home mortgage debt from 1960 through 2010. *(See Example 6.)*

a. There were 53 million households in 1960 and 118 million households in 2010. Did a typical household have more home mortgage debt in 2010 than in 1960?

b. Did home mortgage debt or consumer credit increase at a greater rate since 1980? What may have caused this?