Changes in the cash rate affect the economy through five channels. Read the Explainer: The Transmission of Monetary Policy and use the information to summarise the effects of a change in the cash rate on economic variables.

Complete the diagram below:

• by marking in an upward arrow \(\uparrow\) (to indicate an increase); or
• a downward arrow \(\downarrow\) (to indicate a decrease).

Complete this exercise for each scenario:
1. Decrease in the cash rate
2. Increase in the cash rate.

Tip: note whether the direction of the effect depends on any factors.