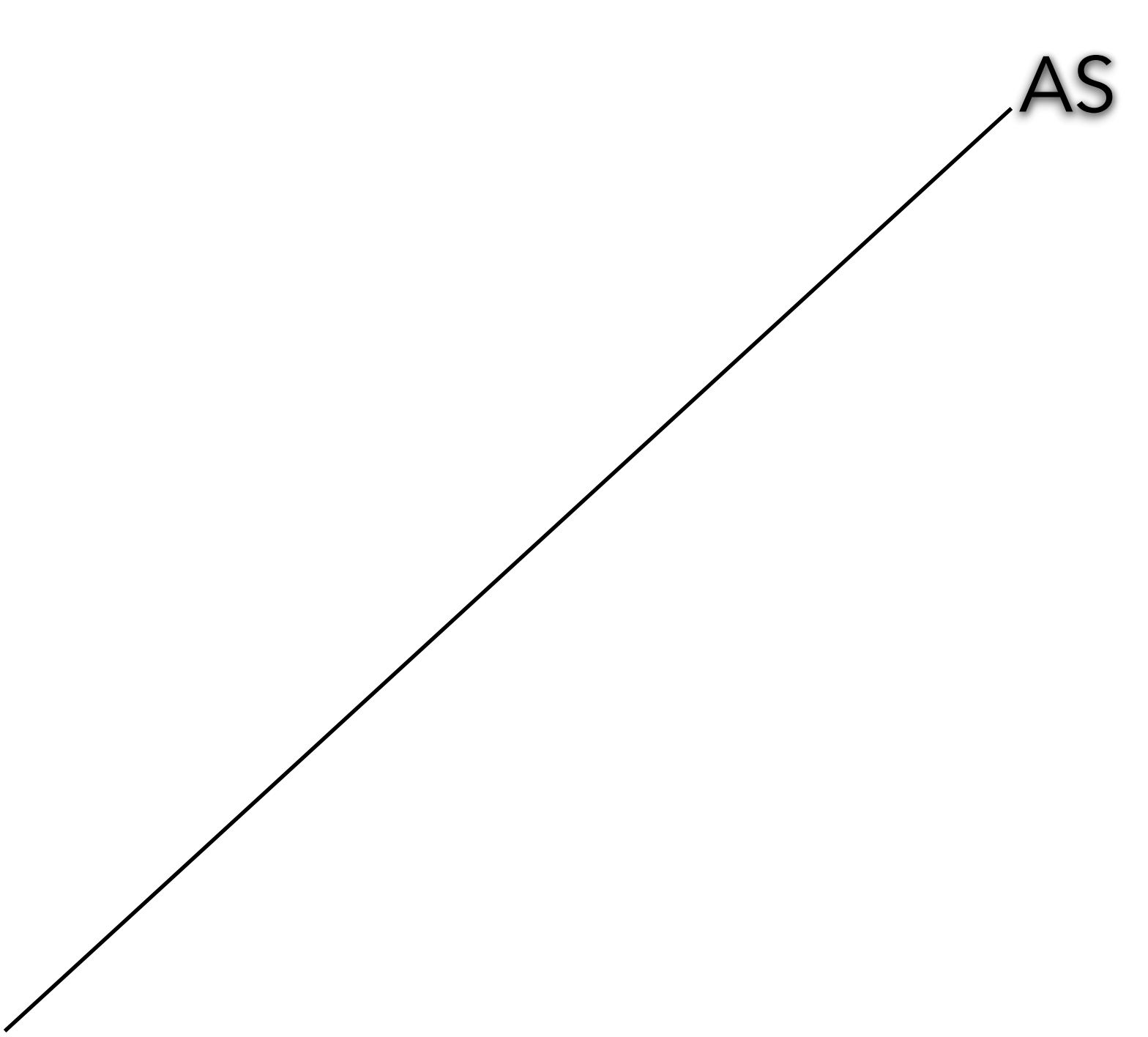
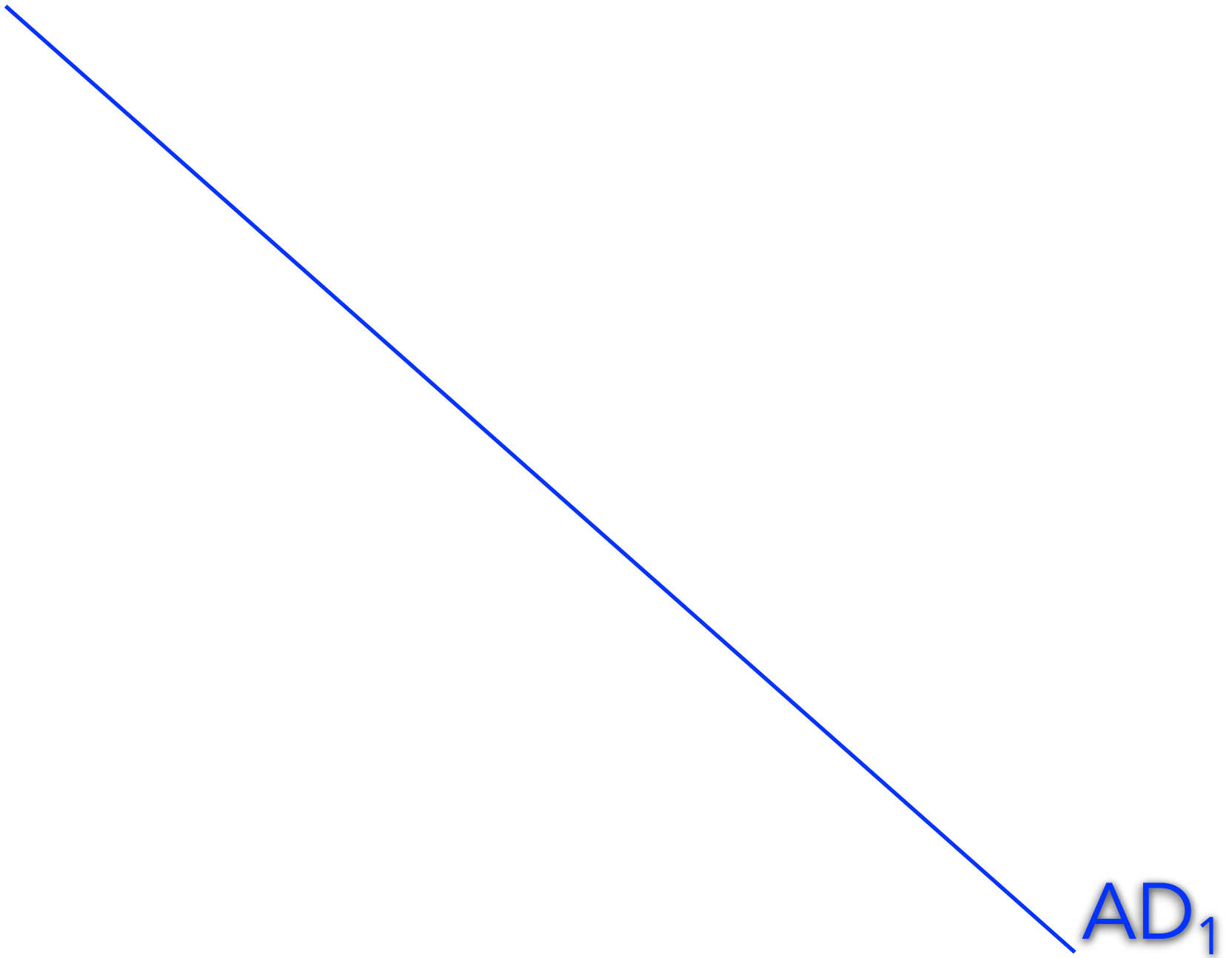


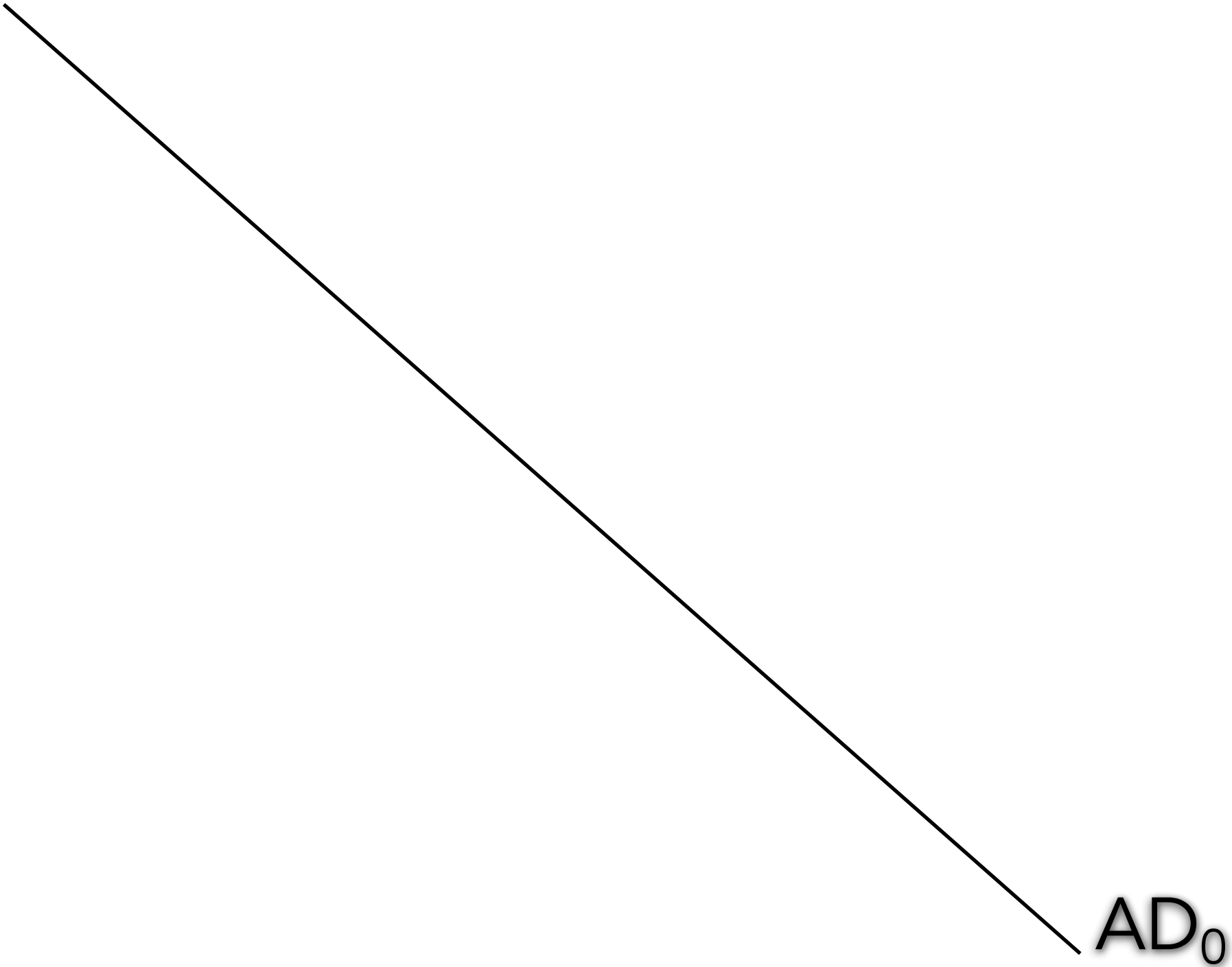


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GDP<sub>1</sub>







$P_1$

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GDP<sub>0</sub>

Price Level  
(CPI)





$P_0$



The effect of a **sale** of bonds by the Fed on  
the Goods and Services Market

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GDP

Feeds **is** Bonds



Interest rates **increase**



Investment decrease



Aggregate Demand  
decrease

Assume the Goods and  
Services Market starts at  
equilibrium







A **leftward** shift in  
Aggregate Demand

Prices fall



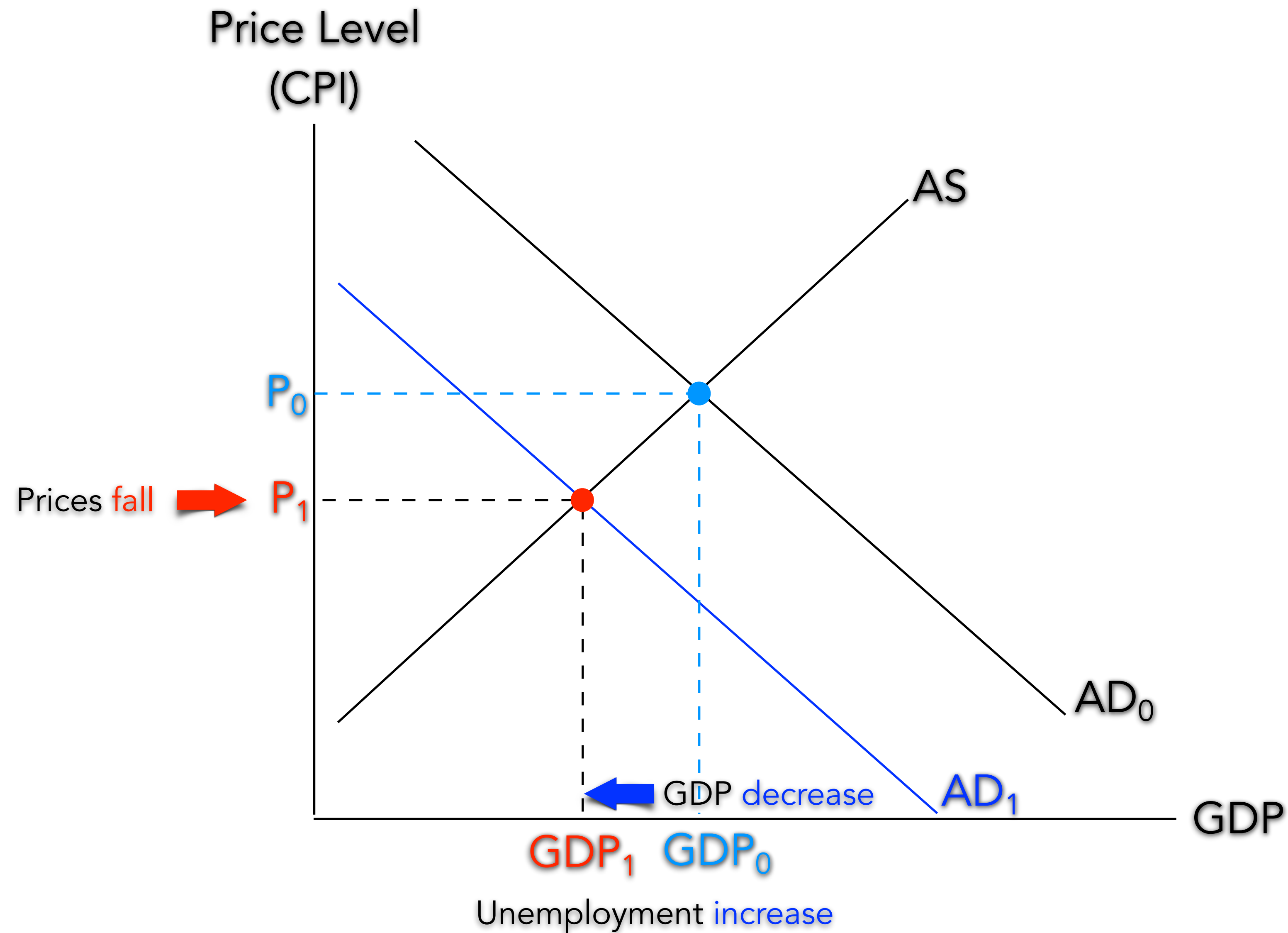


GDP

decrease

Unemployment increase

# The effect of a **sale** of bonds by the Fed on the Goods and Services Market



Fed **sells** Bonds



Interest rates **increase**



Investment **decrease**



Aggregate Demand **decrease**

