



Aggregate Demand

AD

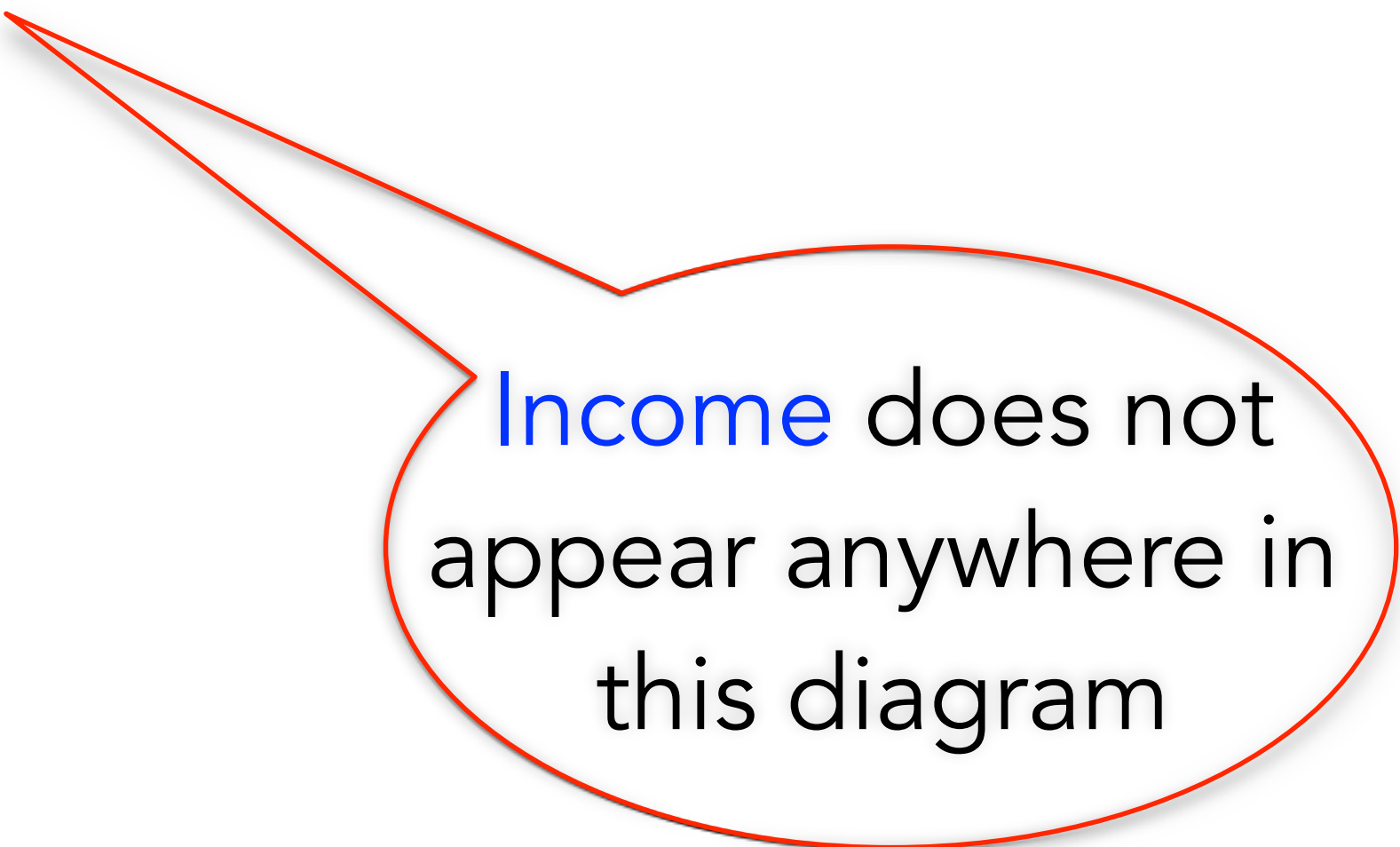
For different Prices

AD = Total **Purchases** of  
goods and services by  
Consumers, Firms,  
Government and other  
countries...



**AD = Total Purchases of goods and services**





Income does not  
appear anywhere in  
this diagram









o



















P











S



6

S





U

**m**

















m





S













6





# Price Level

$$AD = C + I + G + NX$$

Price Level

# Aggregate Demand

For different Prices,  
assuming income is  
constant

$$AD = C + I + G + NX$$

AD = Total Purchases of  
goods and services by  
Consumers, Firms,  
Government and other  
countries...

Income does not  
appear anywhere in  
this diagram

AD = Total Purchases of goods and services

AD