

Aggregate Demand

AD

F





o

















P









S



Q



S

U

m





9









nn





S







S



ar





Price Level

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



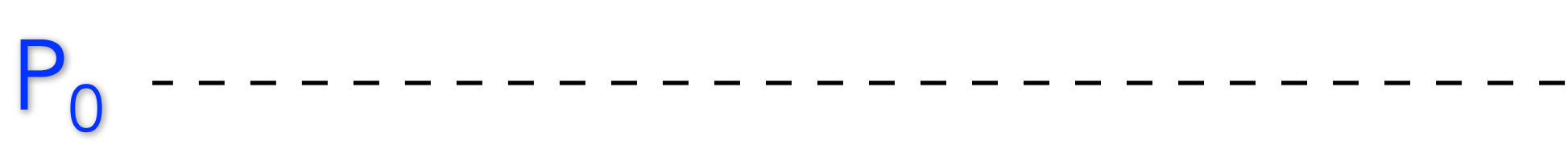
An **increase** in **Prices**,
shift Aggregate
Expenditures down



Aggregate
Demand for goods
and services

P₁






AD₀

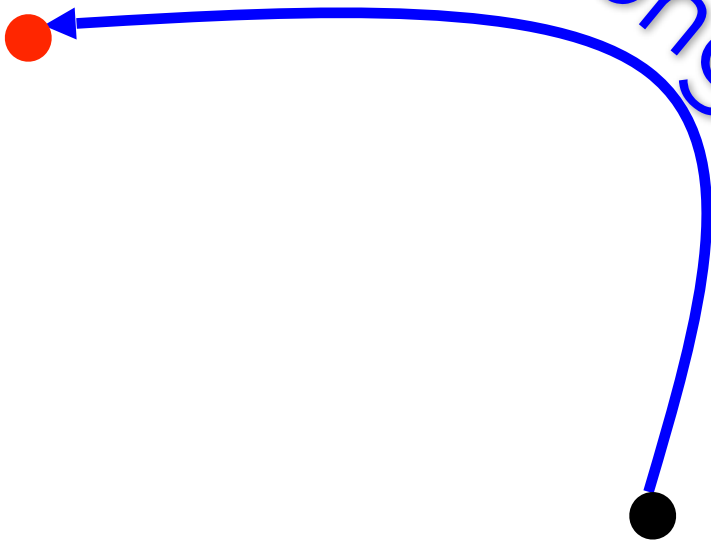


AD₁



Aggregate
Demand for goods
and services
decrease

A movement up
along AD



For different Prices,
assuming income is
constant

Aggregate Demand

For **different Prices**,
assuming **income is constant**

An **increase** in **Prices**,
shift Aggregate
Expenditures down

Aggregate
Demand for goods
and services
decrease

Price Level

