

Aggregate Demand

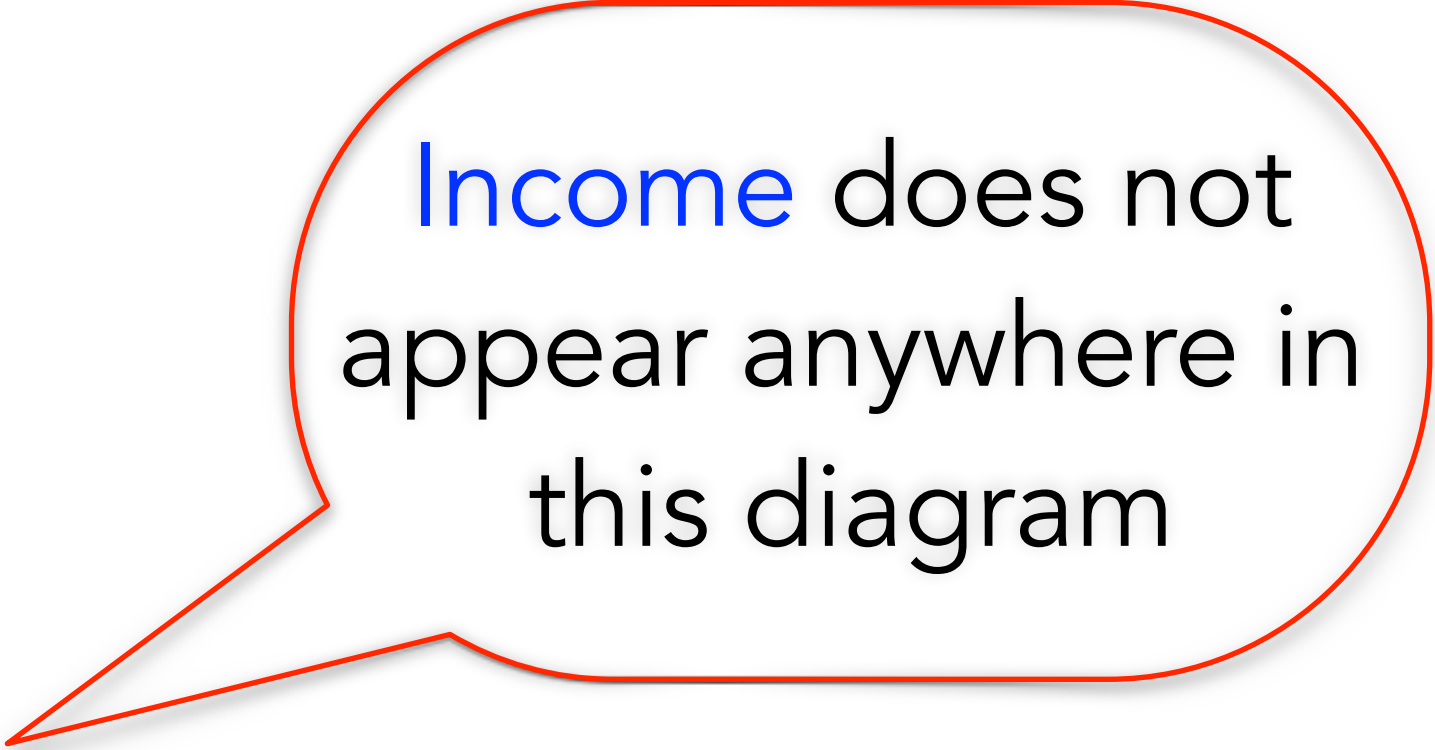
AD

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