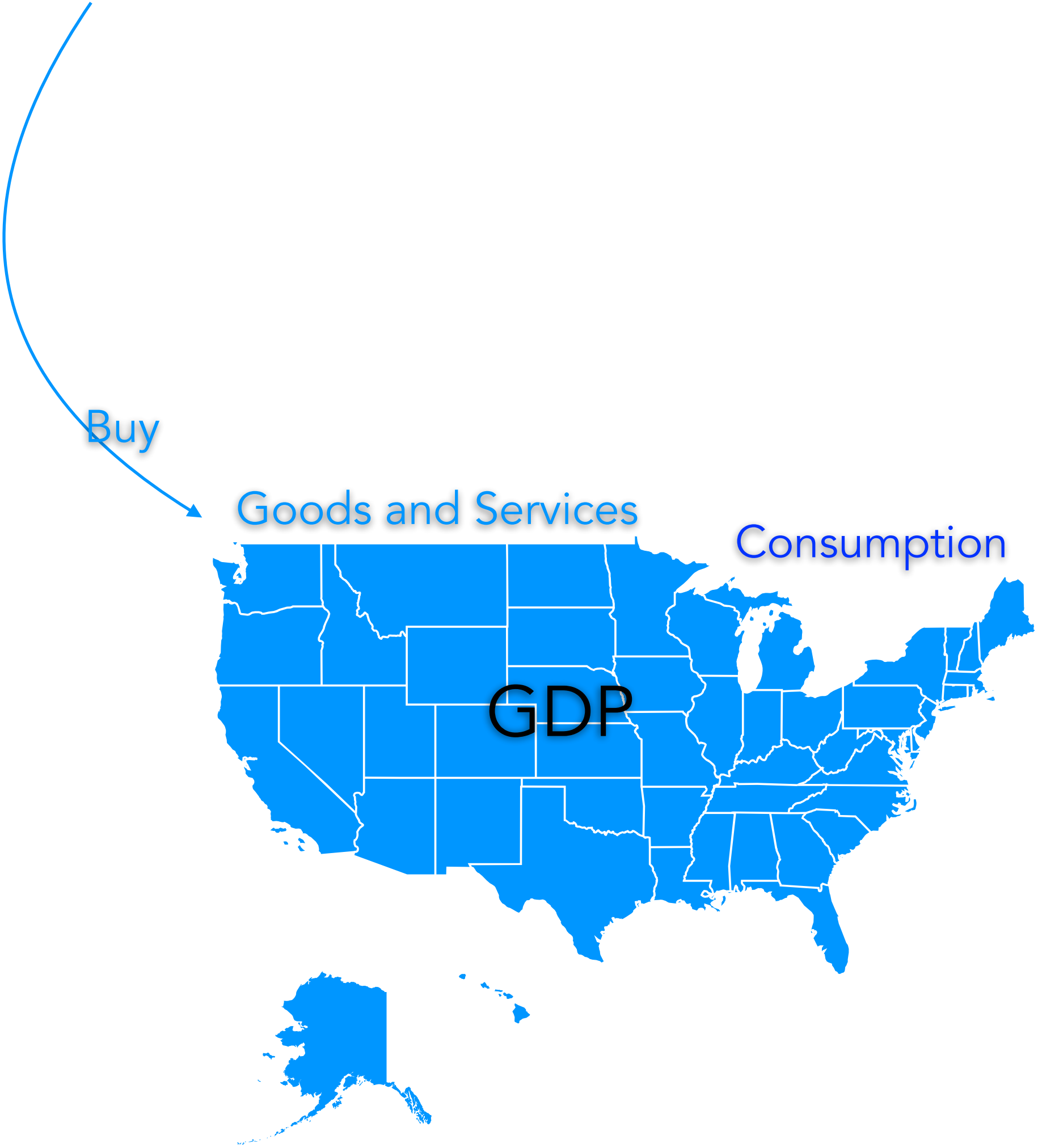


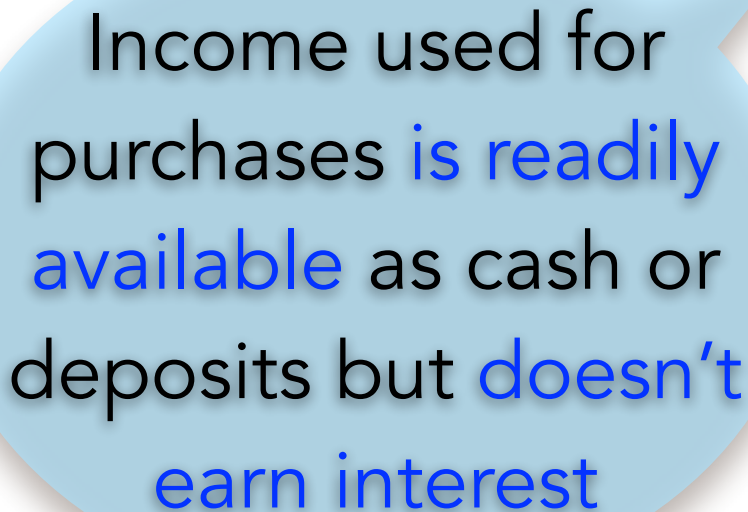
Buy

Stocks, bonds, insurance, etc.



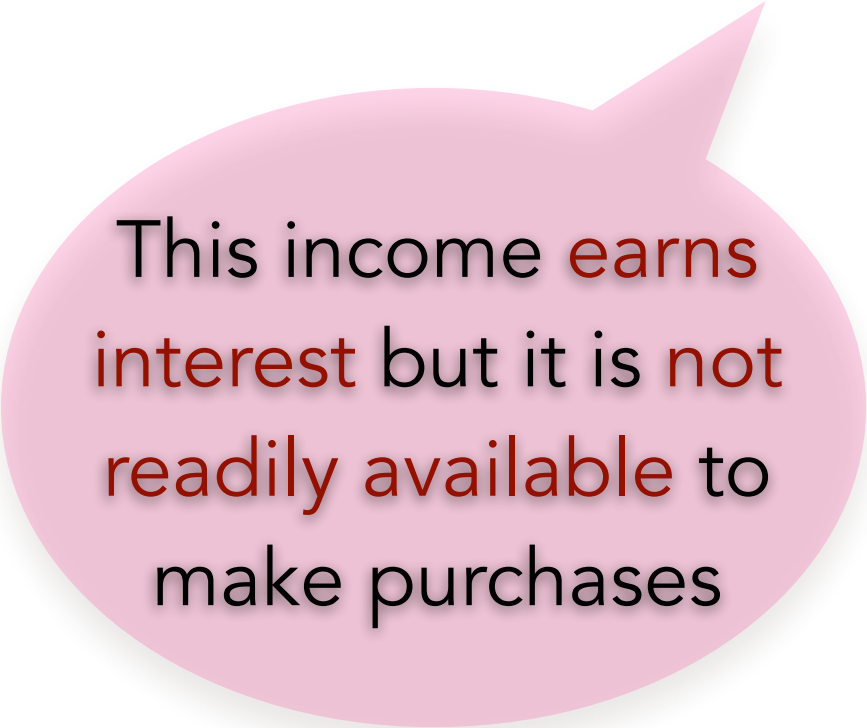
Saving





Income used for
purchases is readily
available as cash or
deposits but doesn't
earn interest

Disposable Income

A pink speech bubble with a tail pointing towards the top right corner of the image. The bubble contains text in black and red. The words 'earns', 'interest', 'not', and 'readily available' are highlighted in red, while the other words are in black.

This income earns
interest but it is not
readily available to
make purchases

The decision to save or spend

Demand for Money (M^d)

Is the amount of income the public **needs** readily available for transactions



Demand for Money (M^d)

Is the amount of income the public **needs** to hold in **cash** and **deposits**

The Demand for Money M^d

Amount of income the public
needs to hold in **liquid form**

A high-speed photograph of a water droplet just before it makes contact with a surface. The droplet is perfectly spherical and reflects light, creating a bright highlight. Below it, a series of concentric ripples spread outwards across the water's surface. The background is a soft, out-of-focus blue.

Cash and Deposits

The Demand for Money M^d

Amount of income the public
needs to hold in **liquid form**



Cash and Deposits

The Demand for Money