

Buy

Stocks, bonds, insurance, etc.

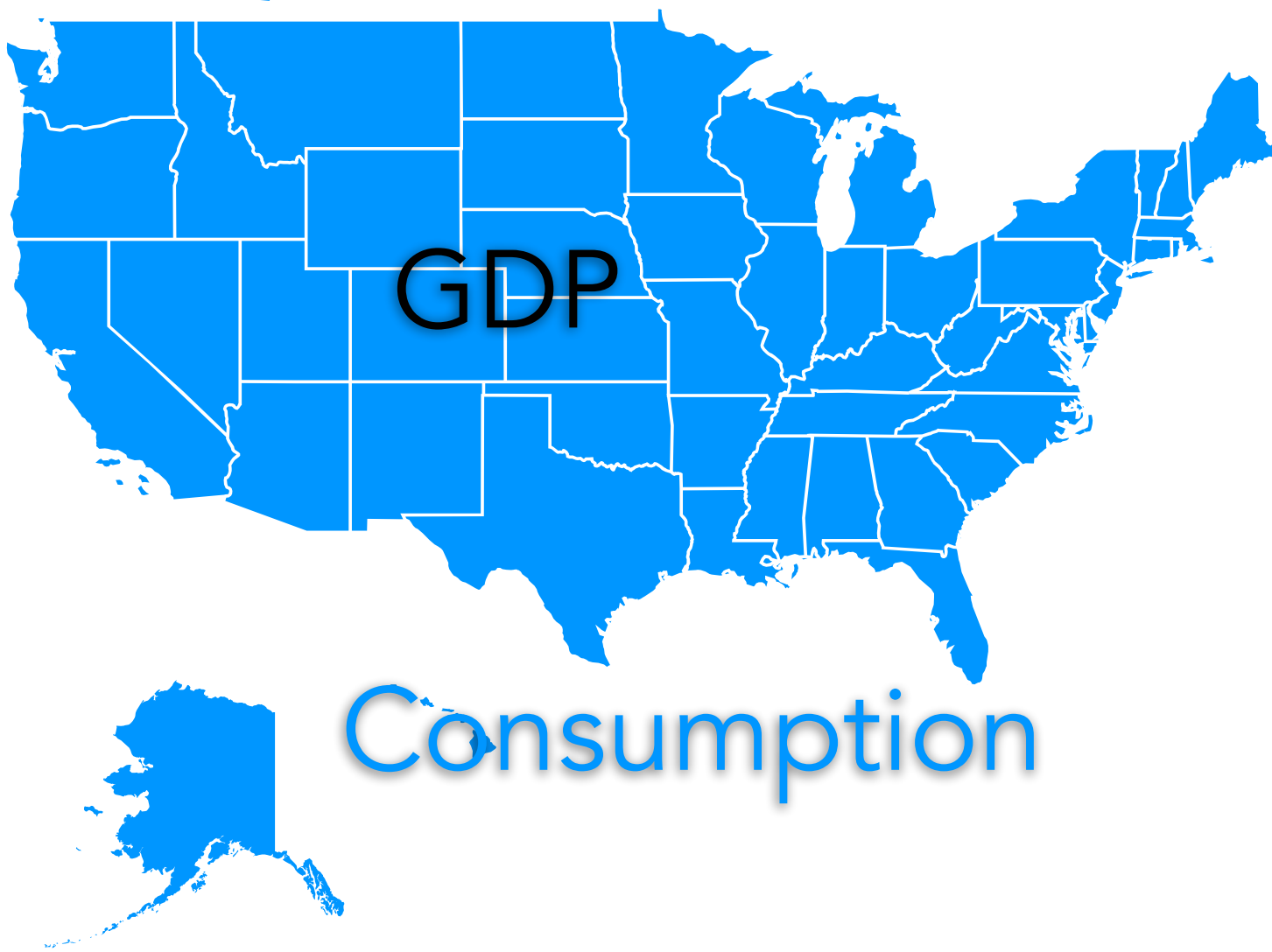


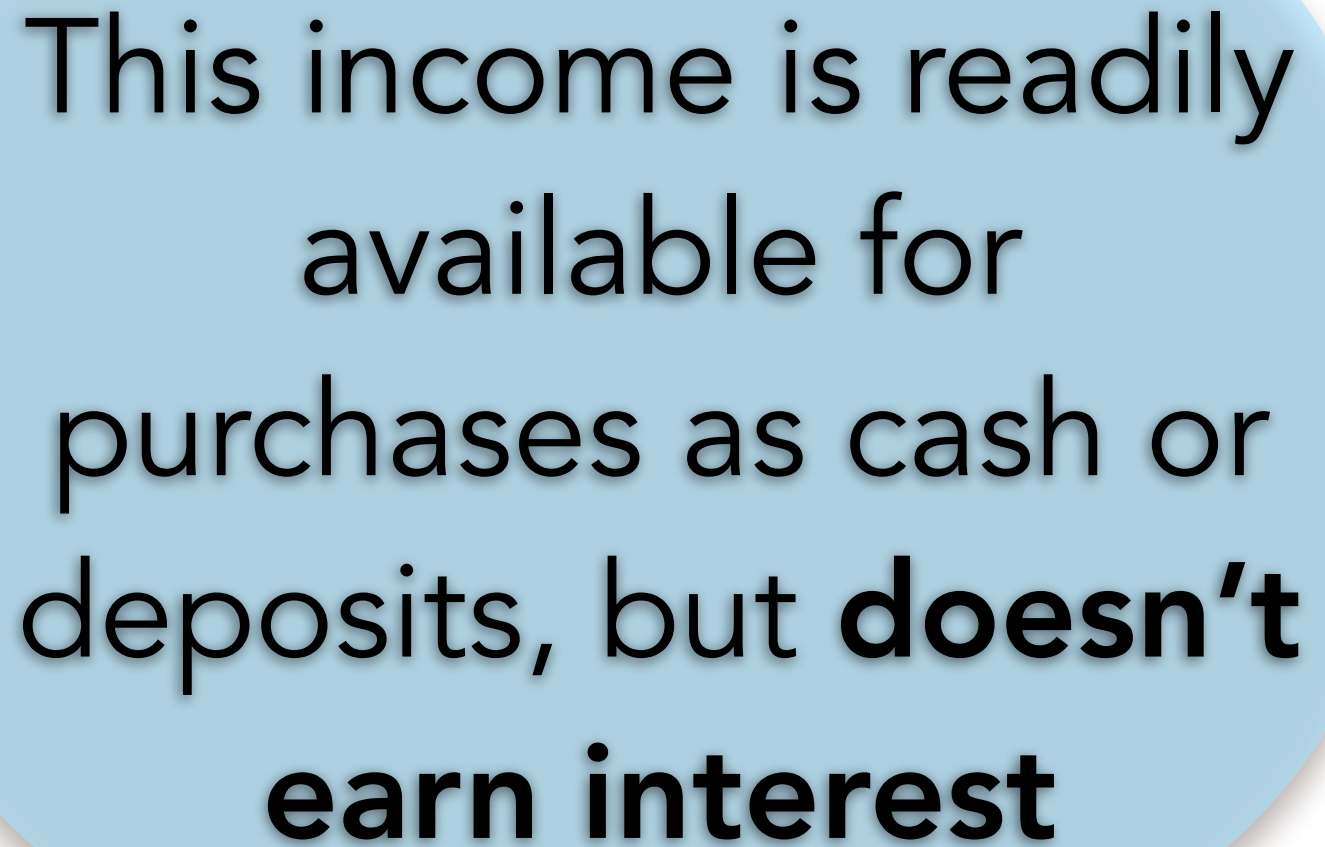
Buy

Goods and Services

GDP

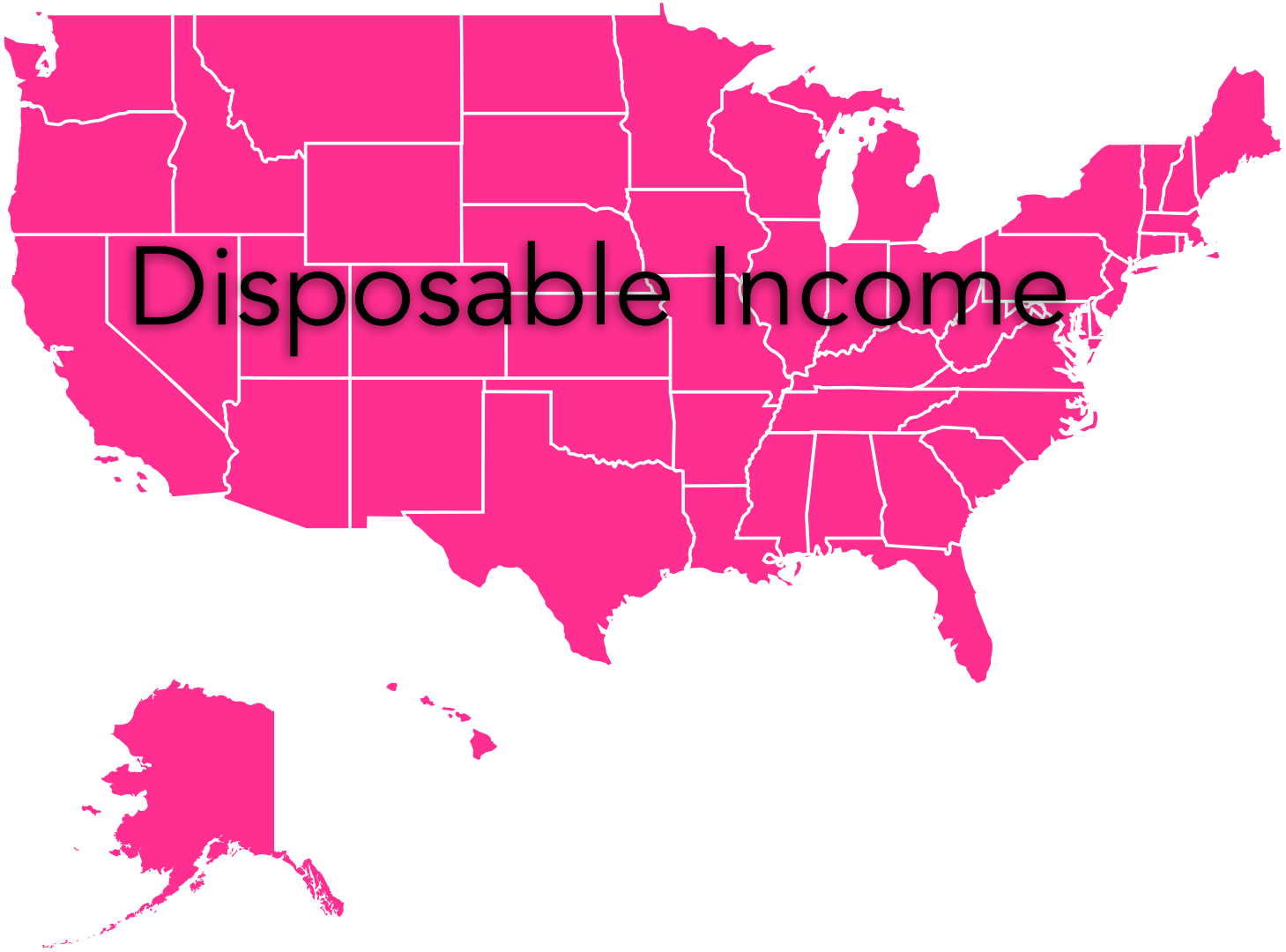
Consumption

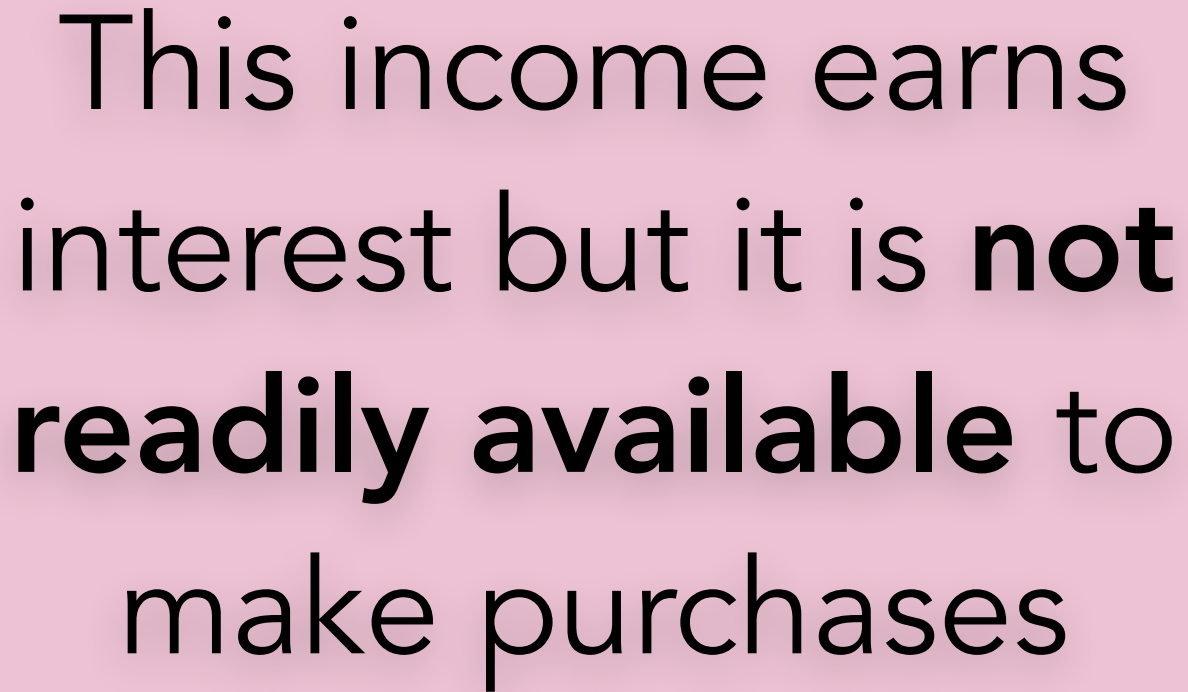




This income is readily
available for
purchases as cash or
deposits, but **doesn't**
earn interest

Disposable Income



A pink speech bubble with a white outline and a small tail pointing towards the top right. The text is centered inside the bubble.

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



Cash and Deposits

The Demand for Money M^d

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

The Demand for Money M^d

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



Cash and Deposits

The Demand for Money