

Demand for bonds

The Bond Market

P_0

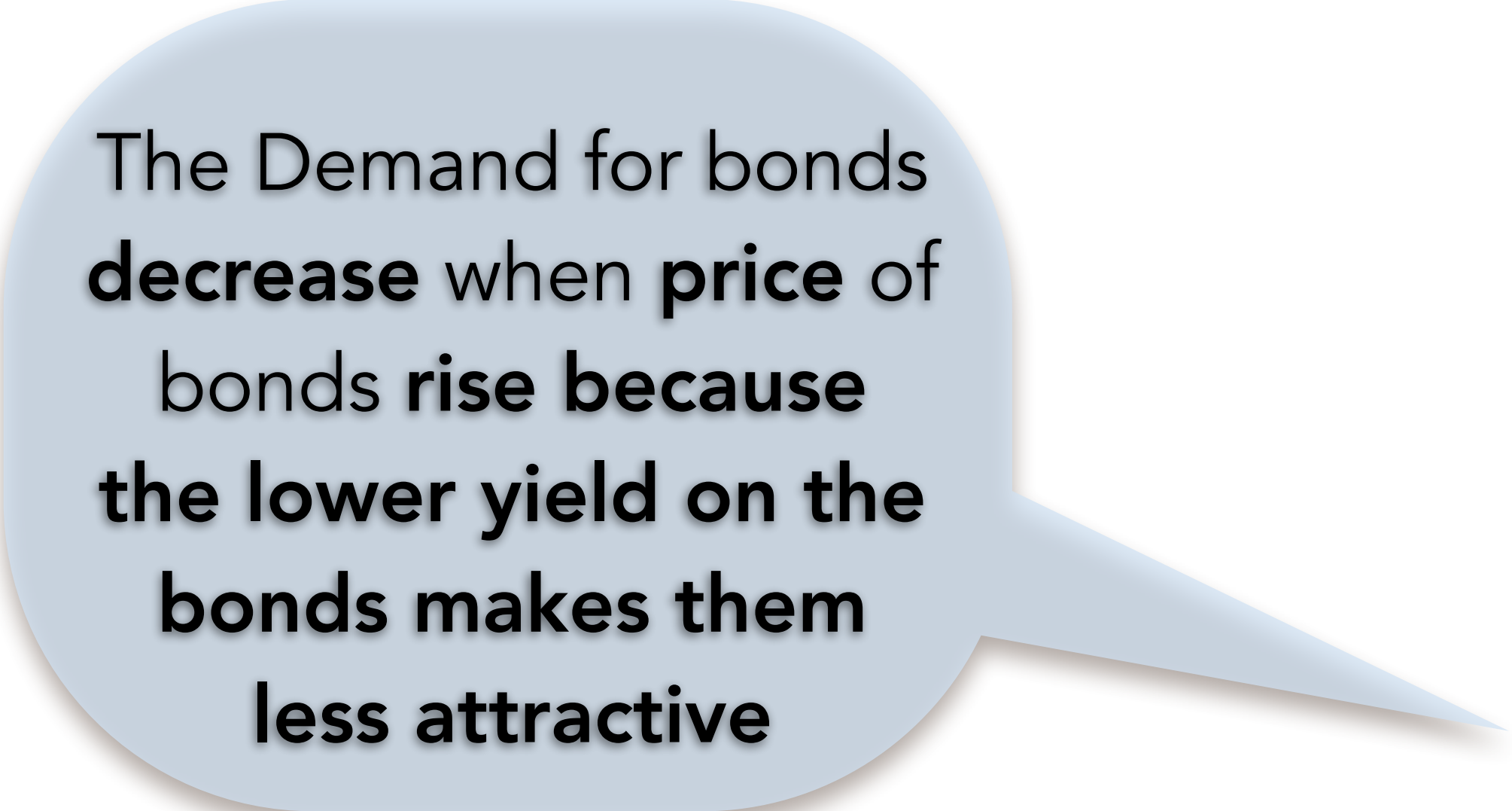


$D = 500$

Bond Price



Quantity
of Bonds

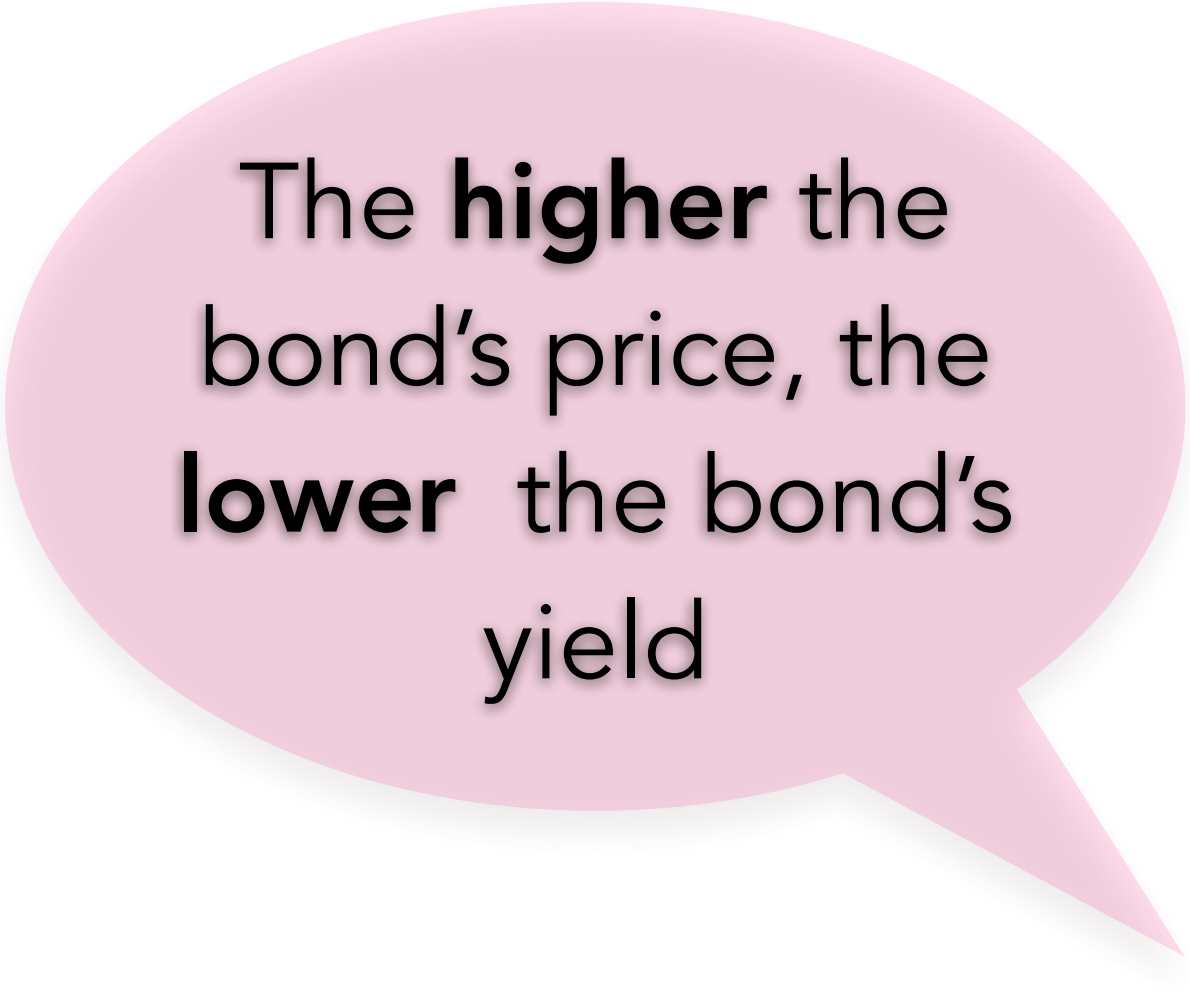


The Demand for bonds
decrease when **price** of
bonds **rise** **because**
the lower yield on the
bonds makes them
less attractive

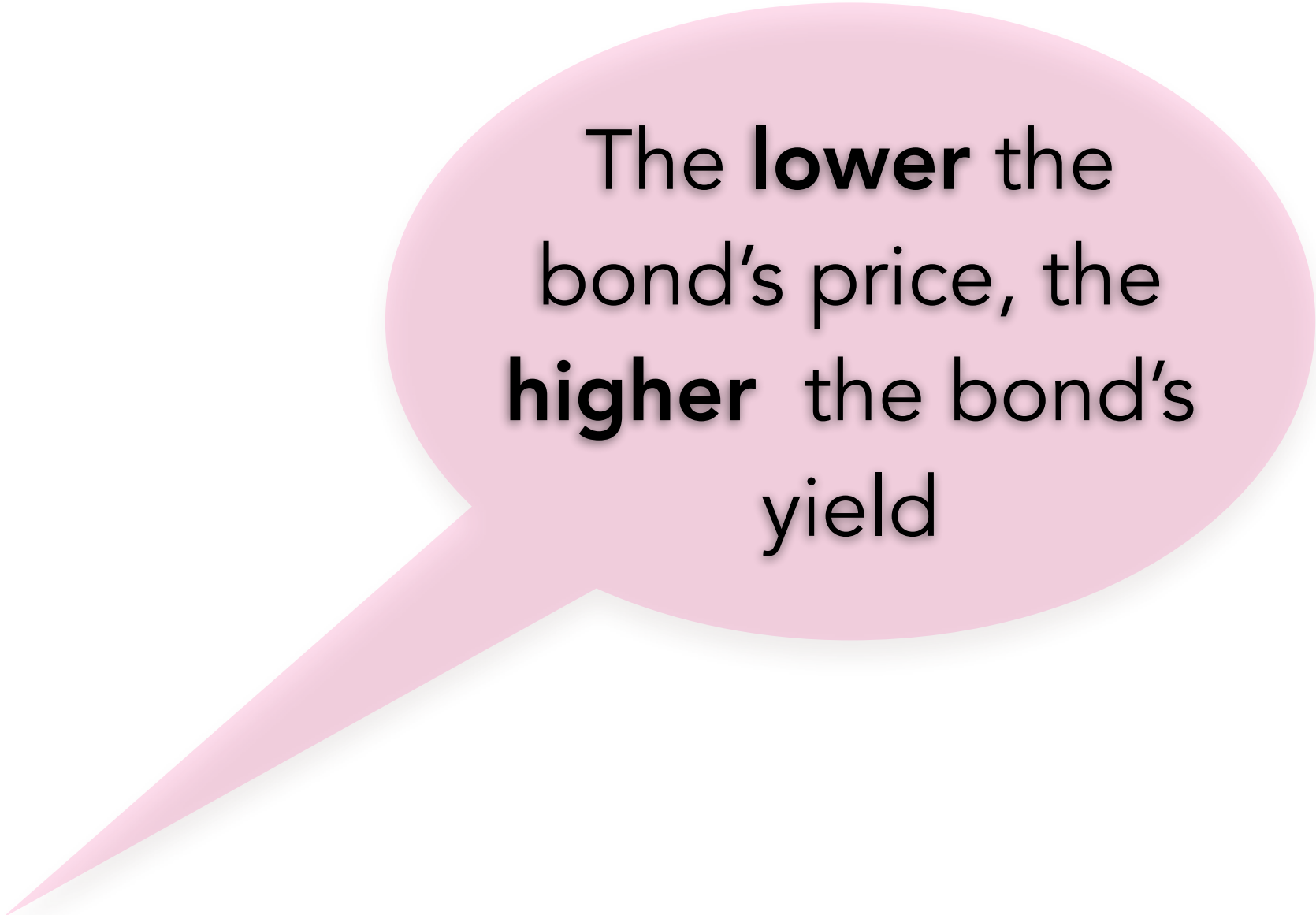
P_1



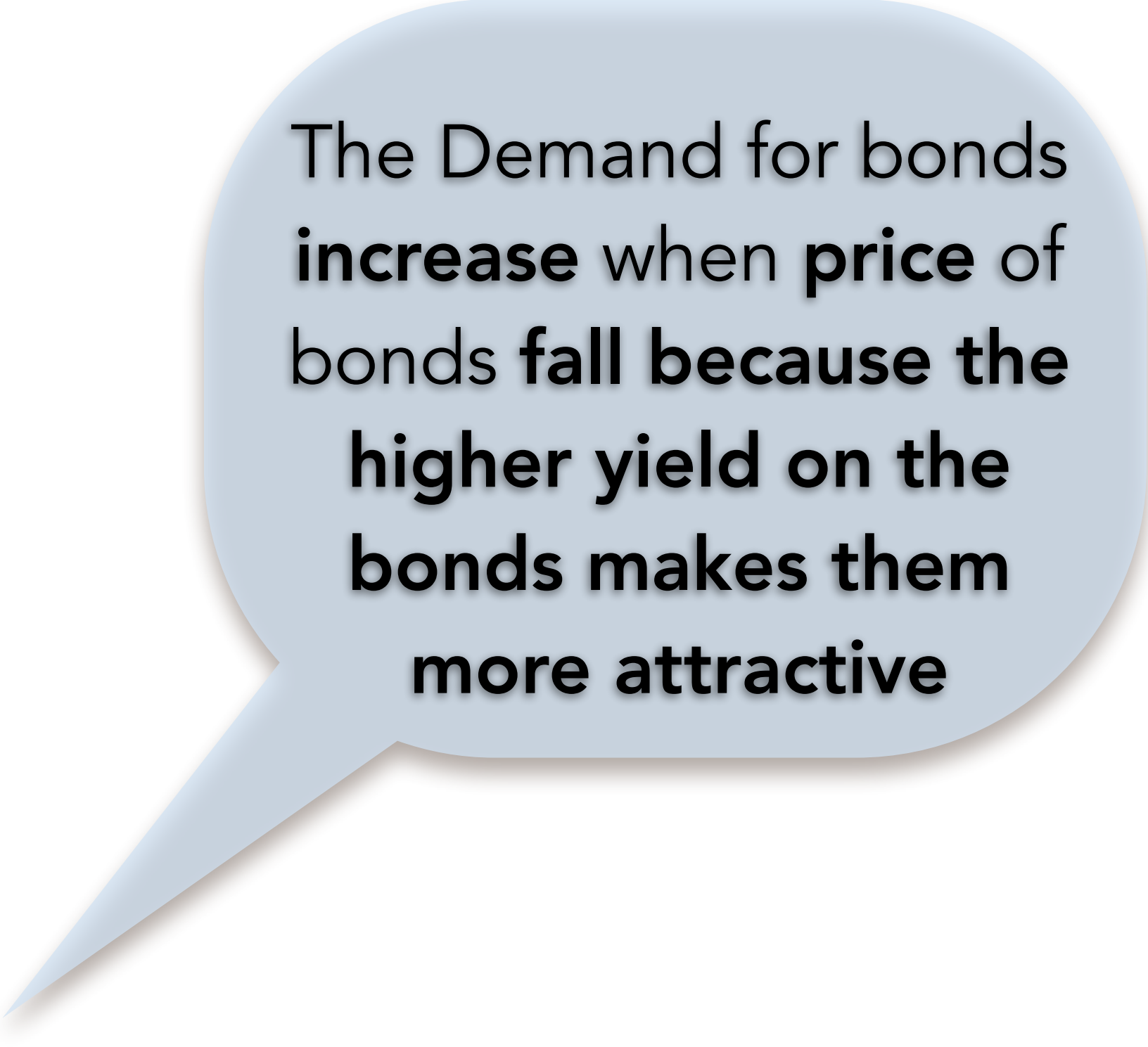
$D = 900$

A large, light pink speech bubble with a soft drop shadow, pointing towards the bottom right corner of the frame. It contains the text "The higher the bond's price, the lower the bond's yield" in a bold, black, sans-serif font.

The **higher** the
bond's price, the
lower the bond's
yield



The **lower** the
bond's price, the
higher the bond's
yield



The Demand for bonds
increase when **price** of
bonds **fall** because the
higher yield on the
bonds makes them
more attractive

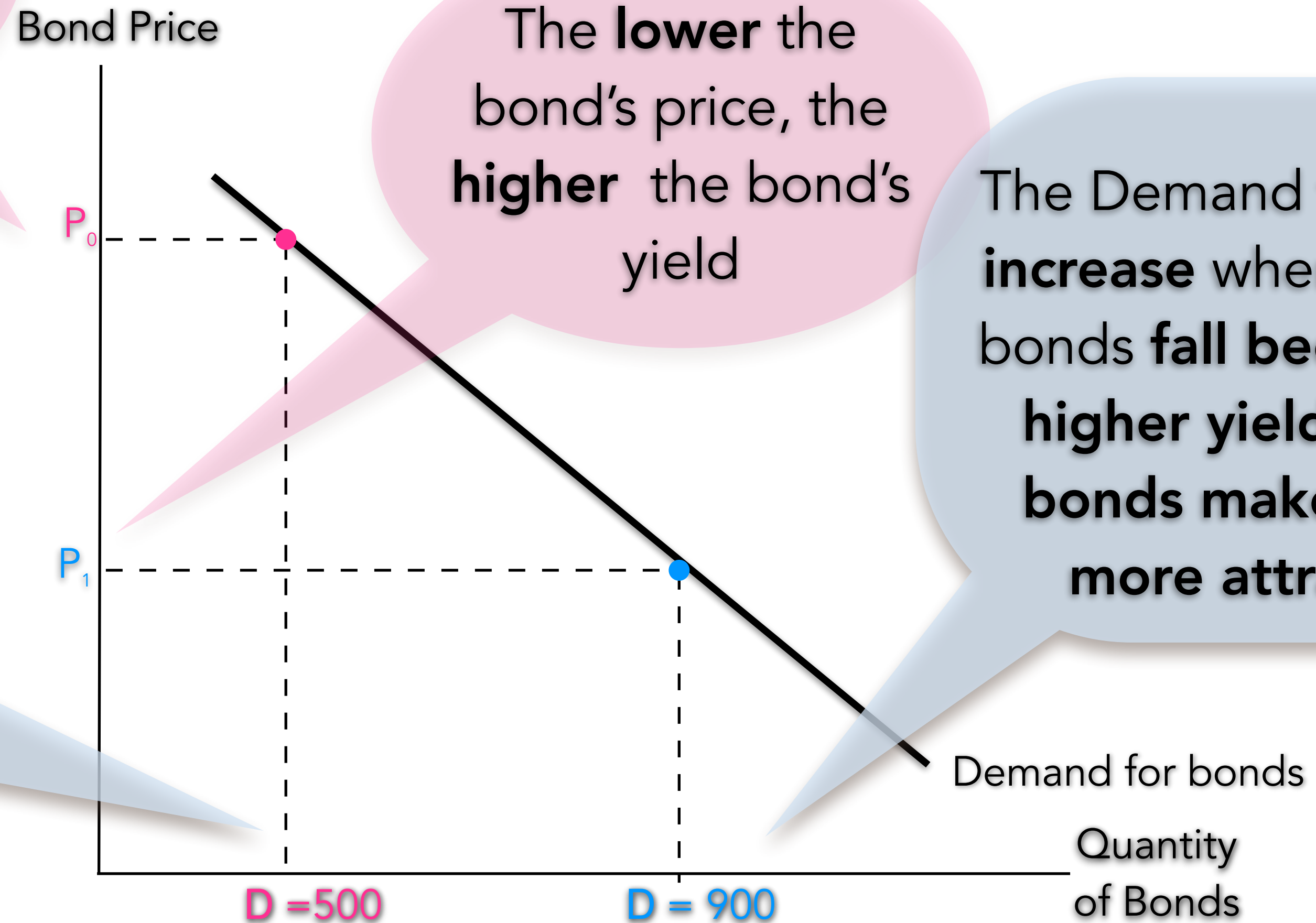
The Bond Market

The **higher** the bond's price, the **lower** the bond's yield

The **lower** the bond's price, the **higher** the bond's yield

The Demand for bonds **increase** when **price** of bonds **fall** because the **higher yield on the bonds** makes them **more attractive**

The Demand for bonds **decrease** when **price** of bonds **rise** because the **lower yield on the bonds** makes them **less attractive**



The Bond Market