

Aggregate Demand

AD







o

















P









S



6



S

U

m





Q









nn





S







S



6





Price Level

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



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



Aggregate
Demand for goods
and services


P_1

P_0 - - - - -

AD₀

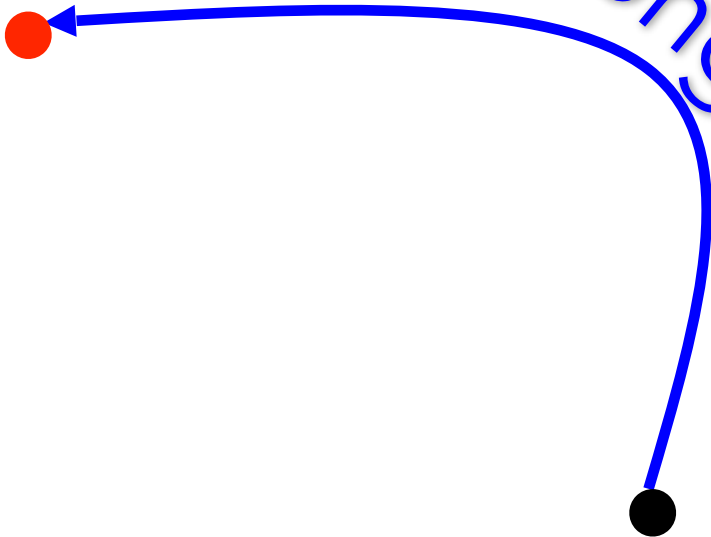
AD_1





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

P_1

P_0

AD_1

AD_0

AD

A movement up
along AD

