

Demand for bonds

# The Bond Market

$P_0$

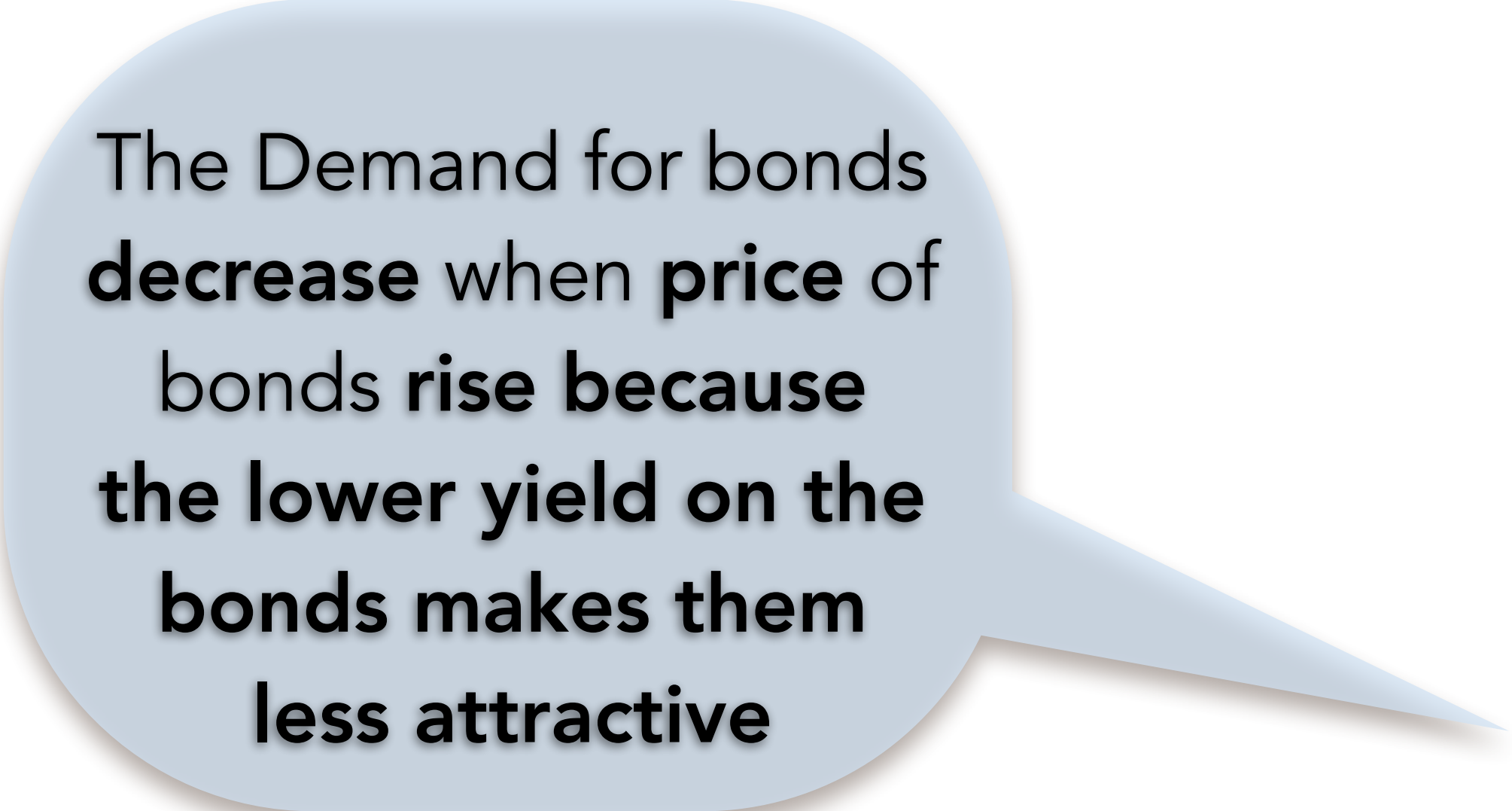


$D = 500$

# Bond Price



Quantity  
of Bonds



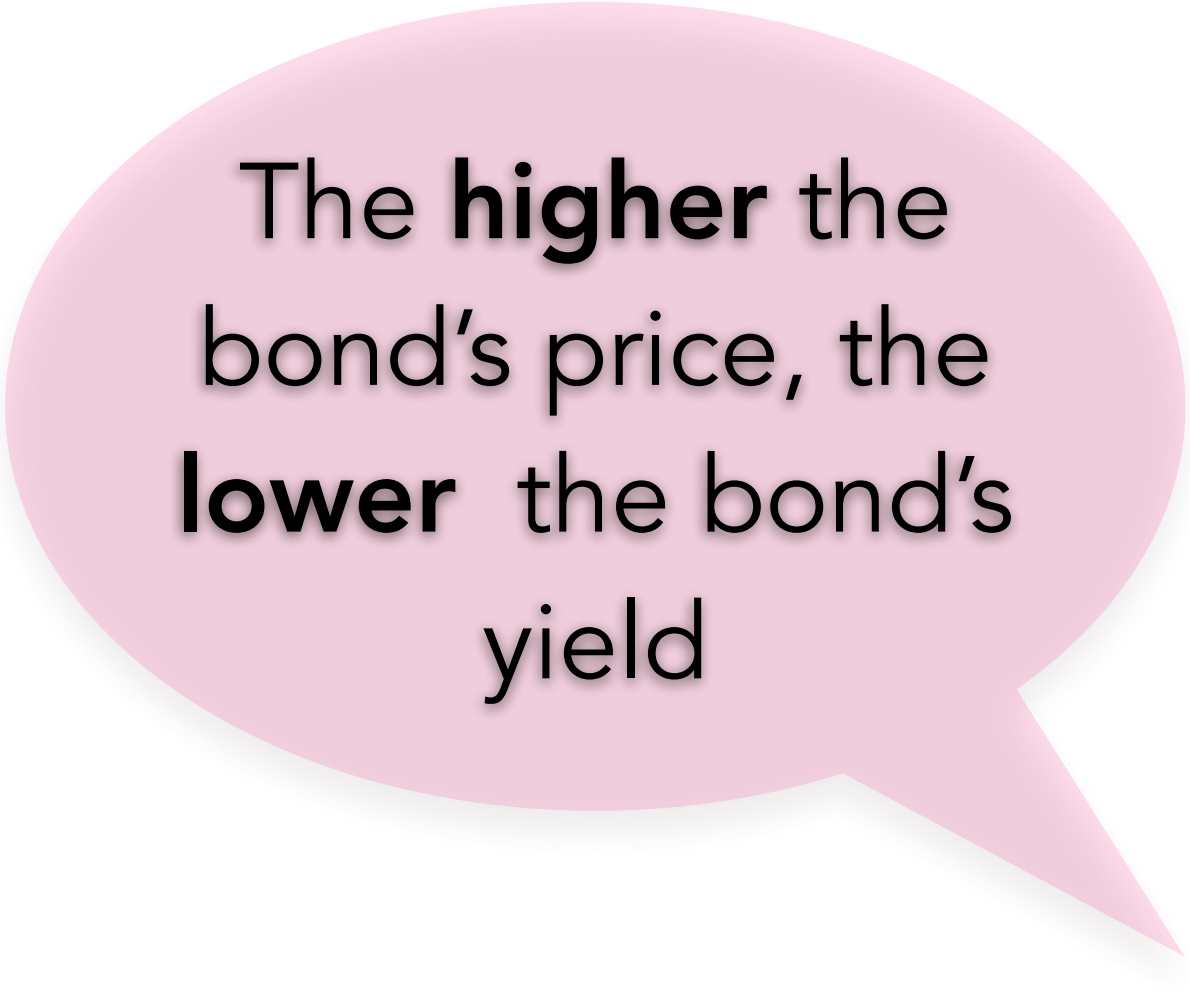
The Demand for bonds  
**decrease** when **price** of  
bonds **rise** **because**  
**the lower yield on the**  
**bonds makes them**  
**less attractive**



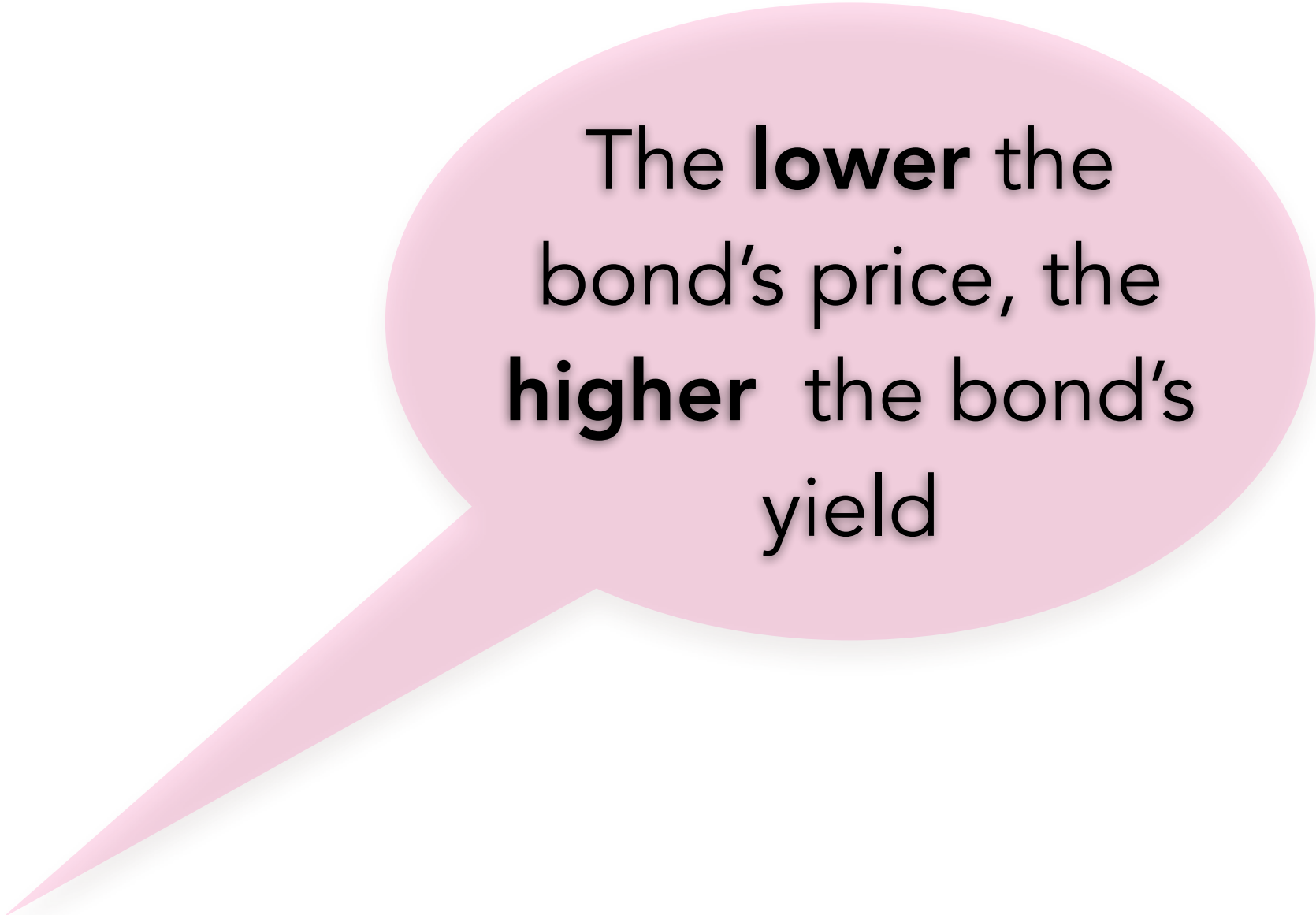
$P_1$



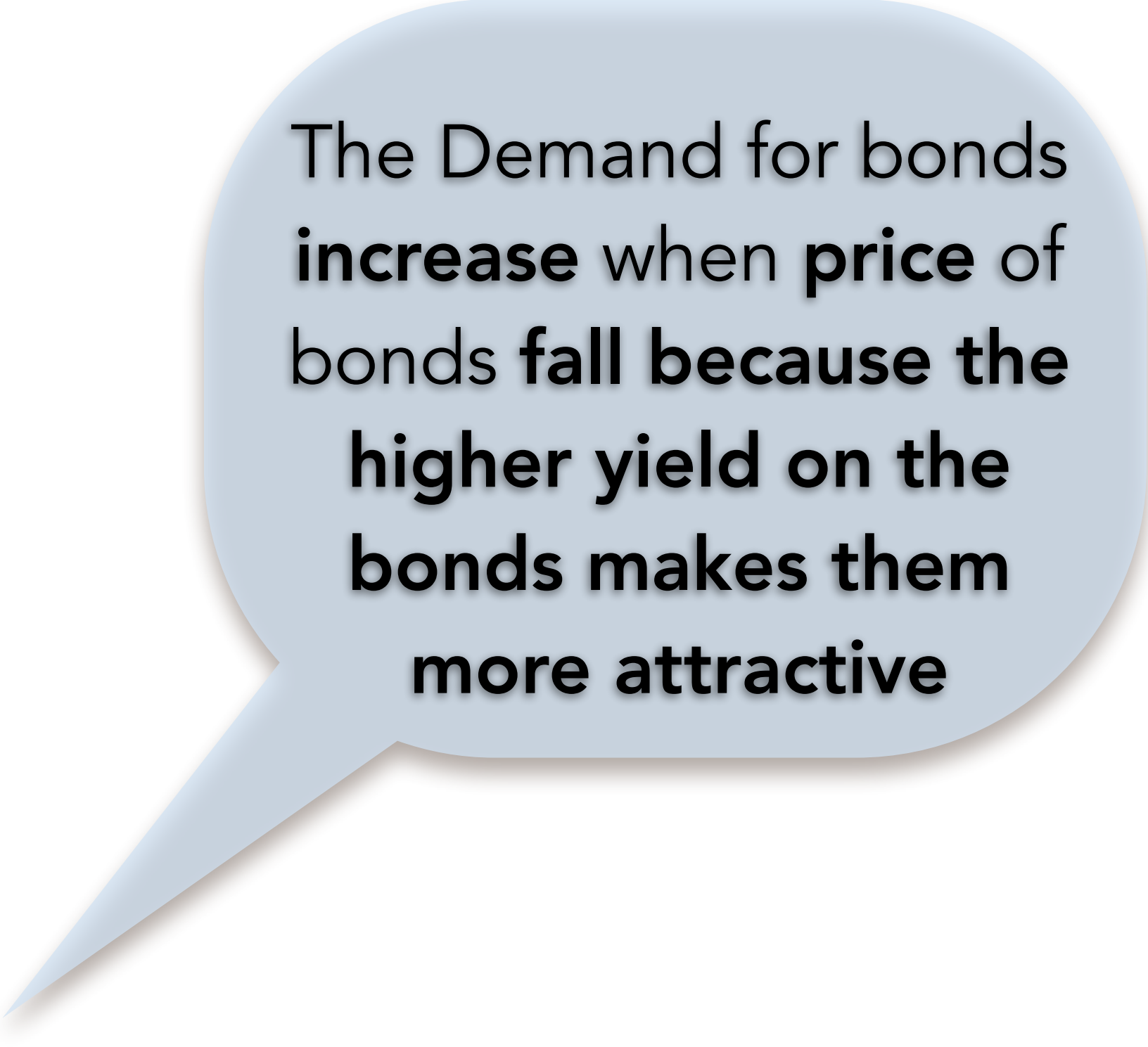
$D = 900$

A large, light pink speech bubble with a soft drop shadow, containing text about the inverse relationship between bond price and yield.

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**

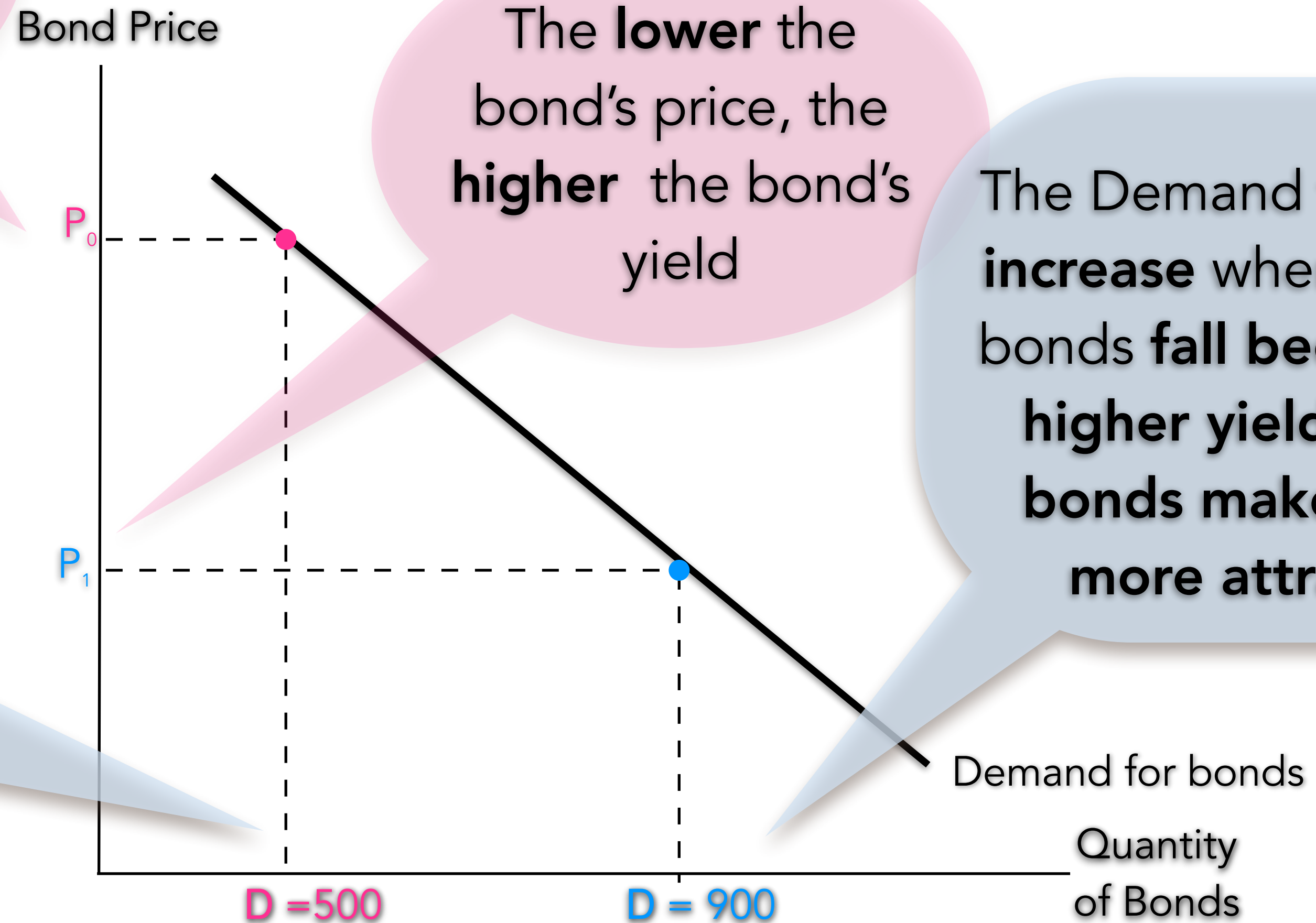
# The Bond Market

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**



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