Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Barreto

Macro Topics

ISLM Deriving AD

Discuss with your group how the AD curve is derived. Draw and explain using the two graphs below.

Group shuffle. Take your graph above and discuss it with your new group.

What does a more elastic money demand do to AD? Why?

What does a more elastic investment demand do to AD? Why?

Draw the effect of increasing G, T and Ms in the three graphs below (ISLM on the top and AD on the bottom). Label all axes and chart elements carefully.

Increasing G Increasing T Increasing Ms

Questions?

HW: Watch screencasts 1 and 2 and complete associated tasks by noon Mon in ISLMADAS.xls.