

Quiz EE212

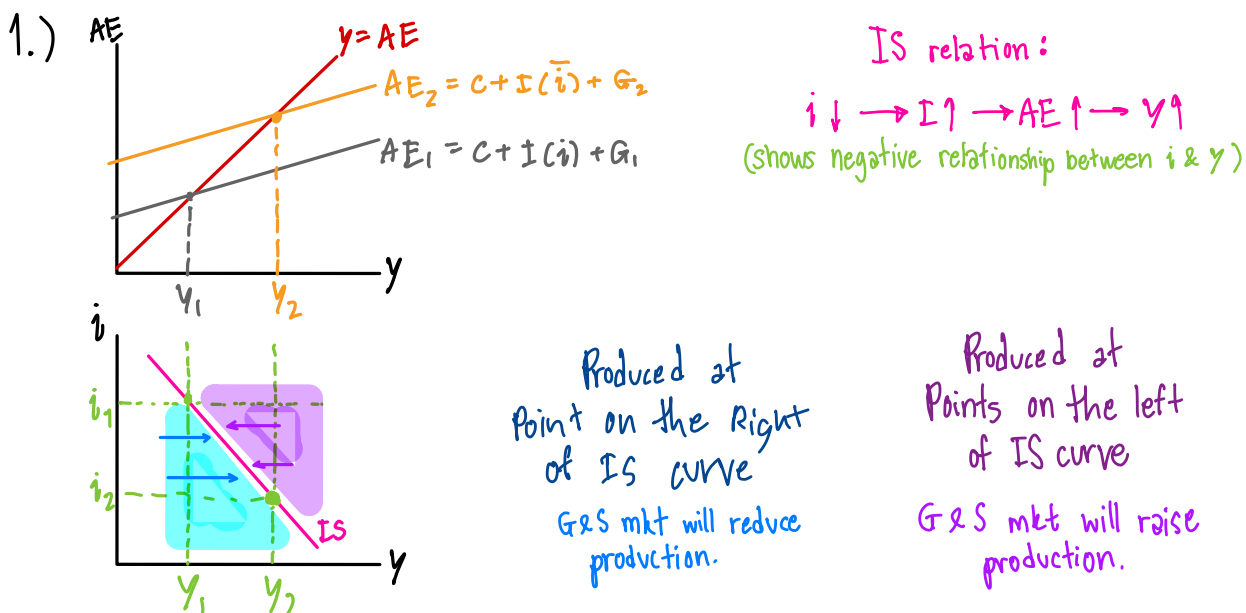
Time allowed: 1 hour from 19.00 – 20.00

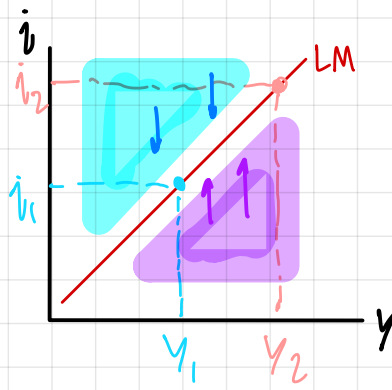
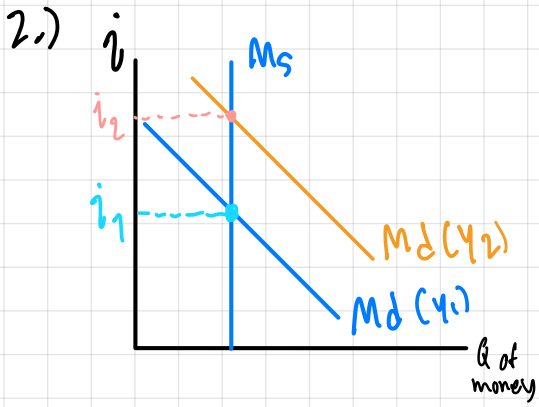
Submission time: 15 minutes

Latest submission by 20.15

Do not write too much. Brief explanation is sufficient.

1. Use TWO relevant diagrams to explain how the IS curve is derived from the goods market.
2. Use TWO relevant diagrams to explain how the LM curve is derived from the money market.
3. Use relevant diagrams to explain how the AD curve is derived from the IS-LM model.
4. Use relevant diagrams to explain how the SRAS curve is derived from the labor demand and the production function.





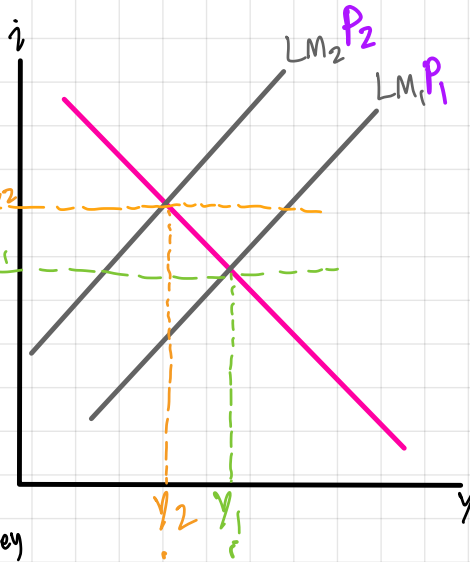
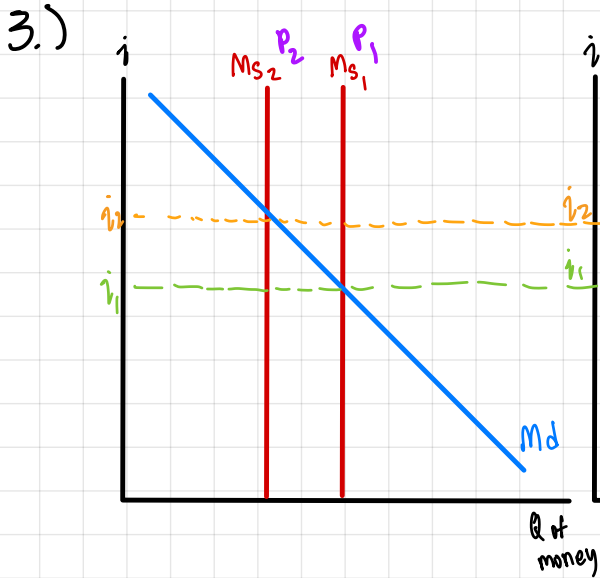
LM relation:

$y \uparrow \rightarrow Md \uparrow$
 $i \uparrow \rightarrow Md \downarrow$

(shows positive relationship between i & y)

For points to the left of LM: $i \downarrow$

For points to the right of LM: $i \uparrow$



AD Relation: when $P \uparrow$
 $\rightarrow i \uparrow \rightarrow I \downarrow \rightarrow AE \downarrow \rightarrow Y \downarrow$

