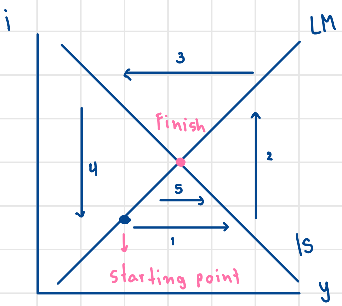
Question 2 6204640509

Draw the IS-LM diagram. **Pick ANY point on either the IS curve or the LM curve** (NOT the general equilibrium point). ย้ำว่าเลือกจุดไหนก็ได้ที่อยู่บนเส้น IS **หรือ** LM **ที่ไม่ใช่จุดตัดตรงกลางของสองกราฟ**

Use the diagram that you draw to briefly explain how the two markets at **your current point** will adjust towards the general equilibrium.



Adjustment in Money MKT

Adjustment in G&S market

1. GM : $y < AE \rightarrow y \uparrow$
2. MM : $y \uparrow \rightarrow Md \uparrow \rightarrow i \uparrow$
3. GM : $i \uparrow \rightarrow I \downarrow \rightarrow y \downarrow$
4. MM : $y \downarrow \rightarrow Md \downarrow \rightarrow i \downarrow$
5. GM : $i \downarrow \rightarrow I \uparrow \rightarrow y \uparrow$

Starting point is excess supply Demand is more than output we need to increase output, Produce more when out put increase people have more income, They want to buy more good money demand will increase so interest rate will increase, when interest rate too high investor don't want to invest ,out put and Money demand will decrease to increse out put and Money demand, They need to decrease interest rate Countinuos to do to reach finish point.