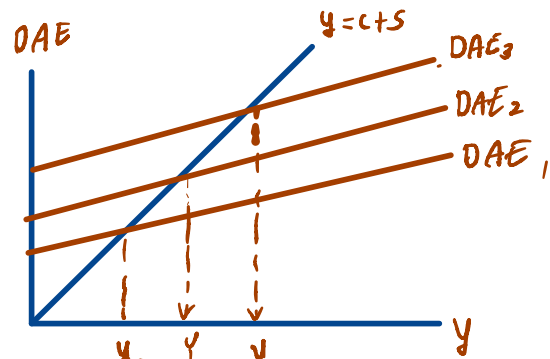


Quiz

① Use two relevant diagrams to explain how IS curve is derived from the good market.

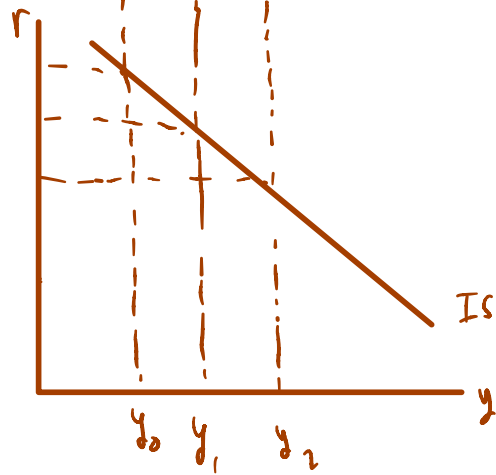


$\therefore r \uparrow \rightarrow I \downarrow \rightarrow \text{DAE} \downarrow$ (DAE shifts to the right) $\rightarrow y^* \downarrow$

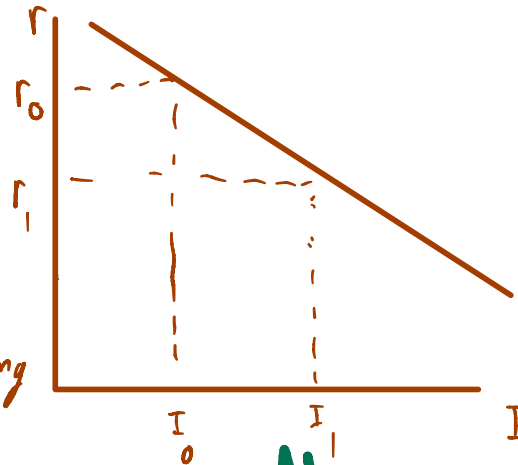
$r \downarrow \rightarrow I \uparrow \rightarrow \text{DAE} \uparrow$ (DAE shifts to the left) $\rightarrow y^* \uparrow$

∴ When r is increase, the investment will decrease then DAE will shift, to the right so the y^* will be decrease.

When r is decrease, the investment will increase then DAE will shift, to the left so the y^* will be increase.



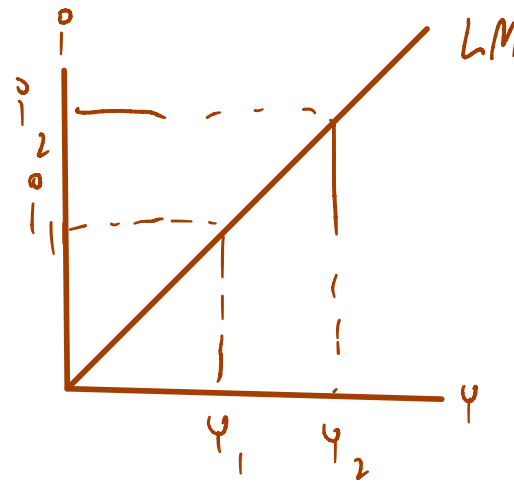
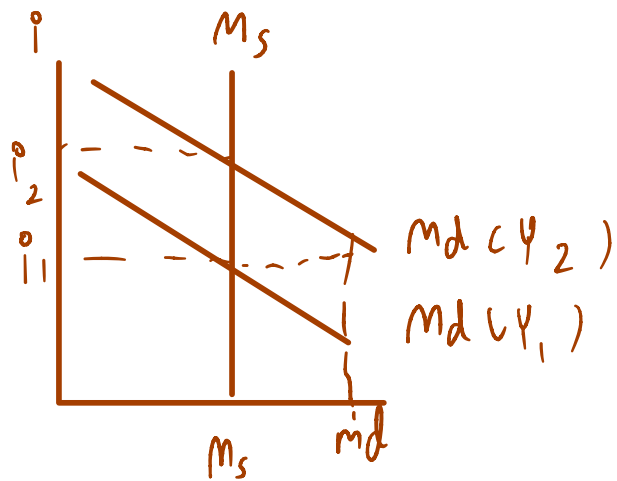
downward sloping



No. 6304640672

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② Use two relevant diagrams to explain how LM curve is derived from the money market.



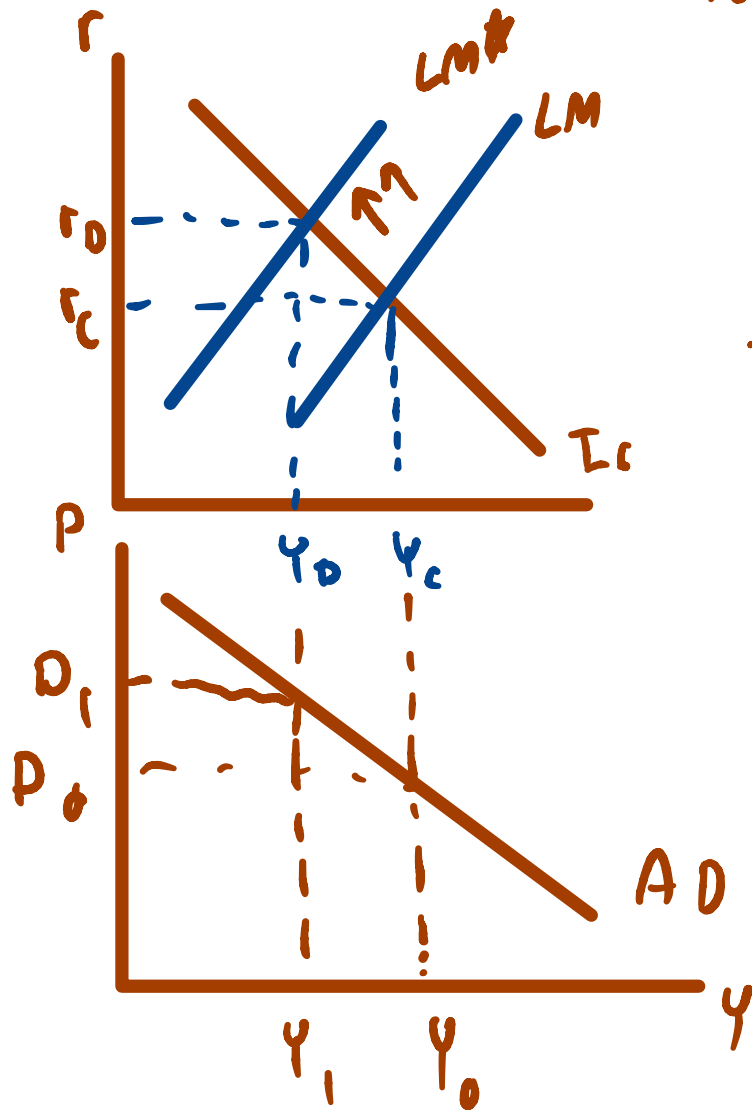
∴ M_d equal to M_s

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Naphat Kiattichusak

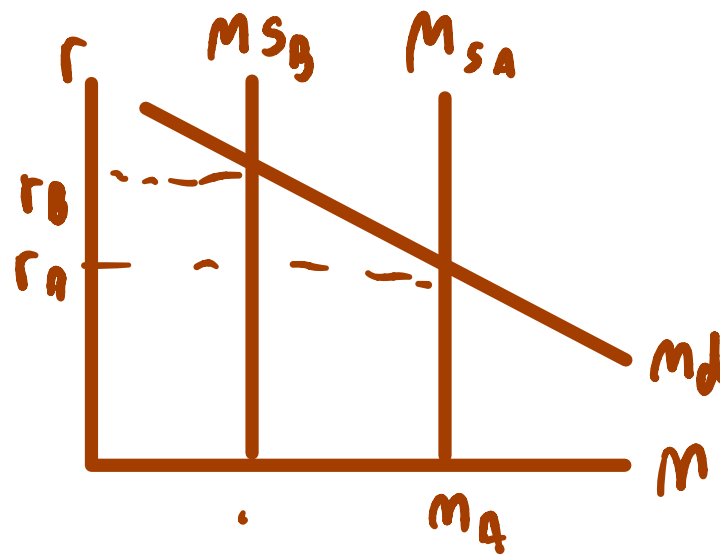
3

Use two relevant diagrams to explain how AS curve is derived from the IS-LM model.



IS-LM Model

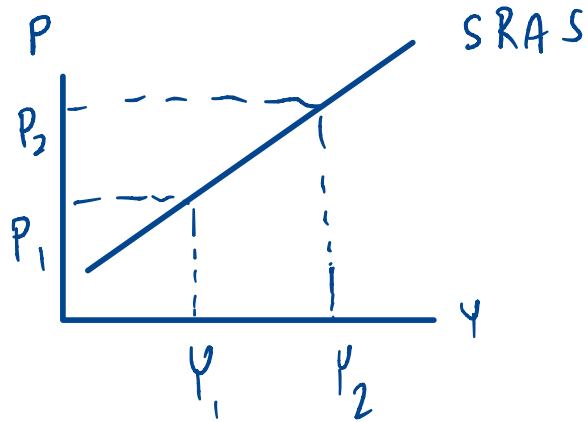
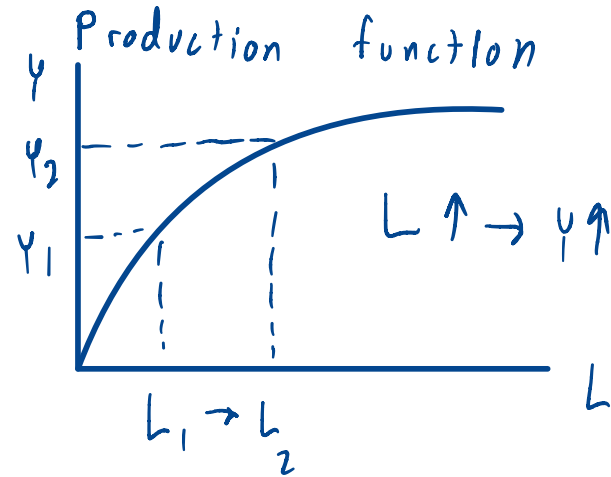
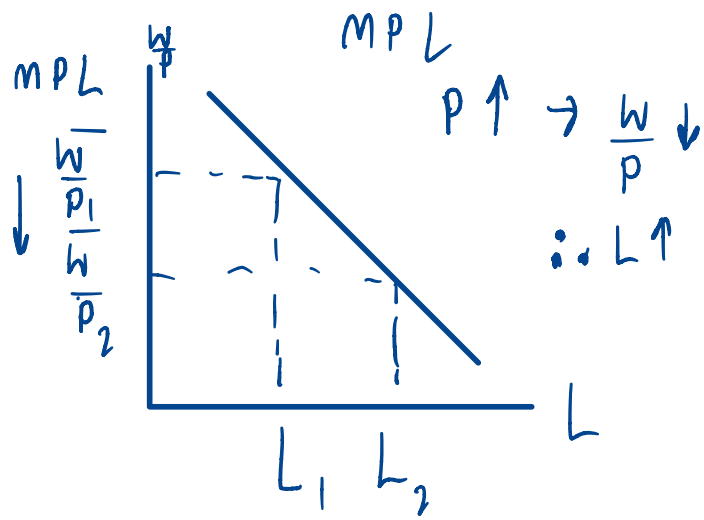
M_s shift from M_{sA} to M_{sB} from LM to LM^*
 $P \uparrow \rightarrow \left[\frac{M}{P} \right] \downarrow \rightarrow r \uparrow \rightarrow LM$ shift left $\rightarrow Y \downarrow$
 \therefore therefore, when $P \uparrow \rightarrow Y \downarrow$



Money market No. 6304640672

Naphat kiattichusak

④ Use two relevant diagrams to explain how SRAS curve is derived from the IS-LM model.



No. 6304640672

Naphat kiattichusak