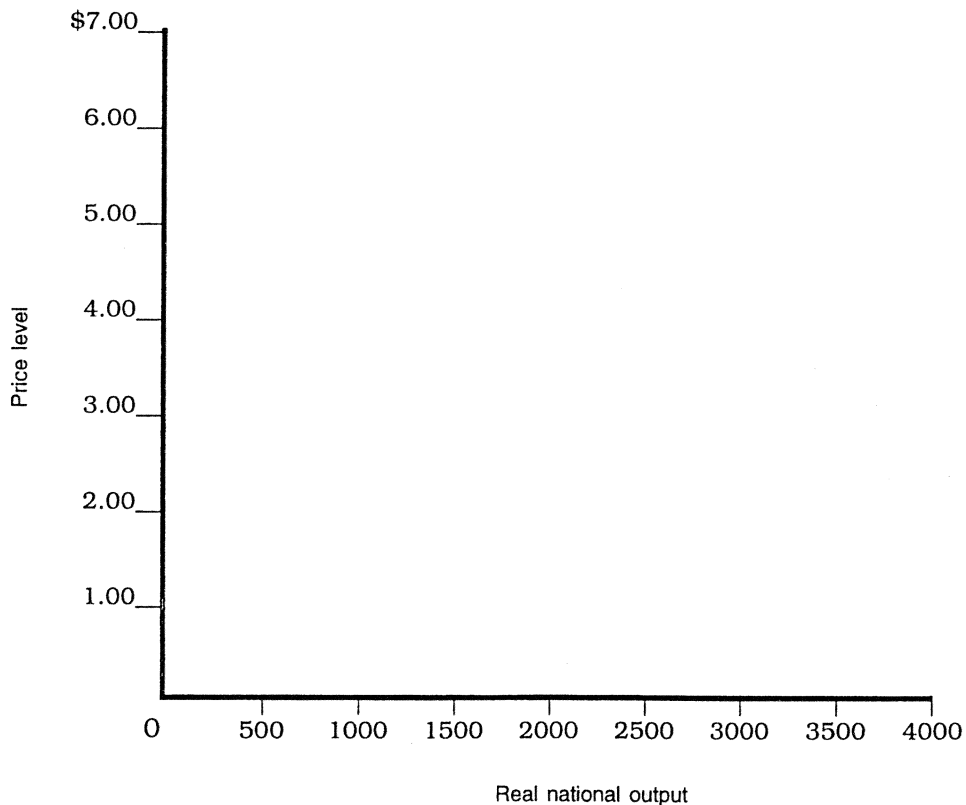


## The Results of Shifts in Aggregate Demand and Aggregate Supply

Aggregate supply is the total amount of goods and services supplied in the economy. Aggregate demand is the total planned level of spending in the economy. It is important to analyze how shifts in supply and demand affect Real GDP and prices. The table below is a schedule for aggregate supply and demand. Plot the data on the graph provided and label the curves as S, D<sub>1</sub>, D<sub>2</sub>, and D<sub>3</sub>.

1.

Price level	Real national output produced	D <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>
\$7	2,500	1,800	1,500	1,000
\$6	2,400	2,000	1,700	1,200
\$5	2,100	2,400	2,100	1,800
\$4	1,800	2,800	2,600	2,000
\$3	1,400	3,500	3,100	2,400
\$2	900	3,800	3,500	2,900
\$1	0	4,000	3,700	3,300



Name \_\_\_\_\_

Date \_\_\_\_\_

2. Look at curve  $D_1$  on the graph. At this level of aggregate demand what is the equilibrium real national output and price?
3. Look at curve  $D_2$  on the graph. At this level of aggregate demand, what is the equilibrium national output and price?
4. Find curve  $D_3$  on the graph. At this level of aggregate demand what is the equilibrium national output and price?
5. The movements of the aggregate demand curves from  $D_1$  to  $D_2$  to  $D_3$  all represent what type of change?
6. The movement from  $D_3$  to  $D_2$  would have what effect on the price level and real output?
7. The movement from  $D_1$  to  $D_2$  would have what effect on price level and on real output?