

Aggregate Demand and Aggregate Supply

1. *What is the meaning of each of the following terms:*

- Aggregate demand
- Aggregate demand curve
- Aggregate quantity demanded
- Aggregate quantity supplied
- Aggregate supply
- Aggregate supply curve
- Change in aggregate demand
- Change in aggregate supply
- Macroeconomic equilibrium

2.

- Distinguish an aggregate demand curve from a market demand curve and explain why an aggregate demand curve is downward sloping.
- Distinguish an aggregate supply curve from a market supply curve and explain the shape of an aggregate supply curve prevailing in the short run.
- Discuss the concept of macroeconomic equilibrium and identify the point of macroeconomic equilibrium on an aggregate demand-aggregate supply graph.
- Show how changes in aggregate demand can affect macroeconomic equilibrium.
- Show how changes in aggregate supply can affect macroeconomic equilibrium.