Radzkan Ulia, 259

1). Aggregate demand: Total spending on all final goods and services in an economy at a given price level

- Aggregate demand curve: shows the relationship between the price level and total output demanded.
- Aggregate quantity demanded: total real GDP demanded at a particular price level.
- Aggregate quantity supplied: total real GDP firms are willing to produce at a given price level.
- Aggregate supply: total output of goods and services in an economy.
- Aggregate supply curve: shows the relationship between the price level and total output supplied.
- Change in aggregate demand: A shift of AD curve due to changes in C, I, G or NX
- Change in aggregate supply: A shift of the AS curve due to changes in costs, technology or productivity.
- Macroeconomic equilibrium: occurs when aggregate demand equals aggregate supply.

2) - Market demand is for one good, while aggregate demand is for all goods & services. AD slopes downwards due to wealth, interest-rate and exchange rate effects.

- Market supply is for one good, while aggregate supply is total output of the economy. The short run AS curves slopes upward due to sticky wages and input prices.

- Macroeconomic equilibrium point: It is where the AD and AS curves intersect.

- Effect of increase in AD: raises both the equilibrium output and price level.

- Effect of increase in AS: raises output and lowers the price level.