**Objective: Correctly set-up an AS-AD Model. Describe how the Aggregate Supply-Aggregate Demand Model can be used to represent and predict changes in GDP, inflation, and unemployment. Explain the short-run vs. the long-run.**

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| --- | --- |
| Purpose of model:  How is AD/AS modified from the Demand/Supply model? | Aggregate Demand & Aggregate Supply |
| (Draw)  Why is Aggregate Demand still downward sloping?        What shifts AD? + + + = GDP! | Aggregate Demand |
| Why does it slope up?       What shifts AS? | Aggregate Supply |
| Draw and Label | Macroeconomic Equilibrium  Draw the AD/AS Model with their corresponding PPC. (Below FE, At FE, and Above FE.) |
| What is the difference? | Short run vs. Long Run – Explanation |

**Recap: Correctly set-up an AS-AD Model. Describe how the Aggregate Supply-Aggregate Demand Model can be used to represent and predict changes in GDP, inflation, and unemployment. Explain the short run vs. the long run.**

Adapted from: https://sites.google.com/a/jeffcoschools.us/apmacro/unit-4