Lecture #10: The AA and DD Curves

1. This lecture was basically a review of the AA and DD curves. The AA curve is the $E, Y$ combinations where the asset markets (money market and international financial markets) are in equilibrium, for given $M, P, E^e$ and $R^*$. The $DD$ curve is the $E, Y$ combinations where the goods market is in equilibrium for given $T, G, I$.

2. Students should be thoroughly familiar with the construction of these curves, and how they shift when one of $M, P, E^e, R^*, T, G, I$ shifts.