

Christiano  
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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.