

CONCEPT: EQUILIBRIUM IN THE AD-AS MODEL

- The **aggregate demand and aggregate supply model (AD-AS Model)** explains short-run fluctuations in GDP and price
 - The long run equilibrium occurs at the point where AD and SRAS intersect with the LRAS curve.
 - > In a market supply and demand graph, we noted an _____ shaped equilibrium
 - > In the AD-AS model, the long-run equilibrium is _____ shaped

AD-AS Long-Run Equilibrium



- > In the AD-AS model, the short-run equilibrium can exist away from the long-run equilibrium

AD-AS Short-Run Equilibrium

