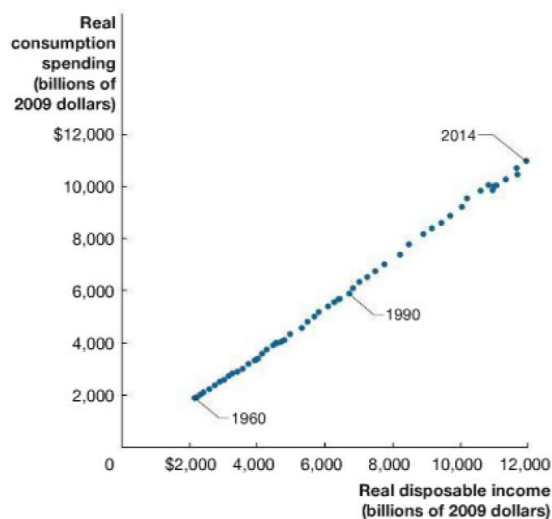


CONCEPT: COMPONENTS OF AGGREGATE EXPENDITURE

- The level of aggregate expenditures is determined by the level of each of $C + I + G + NX$

□ Determinants of **Consumption**:

Disposable Income (refer to Consumption Function videos)	Household wealth	Expected future income
Price level	Interest rate	



□ Determinants of **Planned Investment**:

Expectations of Future Profitability	Interest Rate	Taxes	Cash Flow
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□ Determinants of **Government Purchases**:

Government Policies and Decision Making (Fiscal Policy)

□ Determinants of **Net Exports**:

Price Level in USA vs. other countries	GDP Growth in USA vs. other countries	Exchange Rate between USD and other currencies
High US Inflation → more _____	High US Growth → _____	USD value rises → _____
Low US Inflation → more _____	Low US Growth → _____	USD value falls → _____