Aggregate Demand & Supply

Economics

The framework for output and the price level together.

The components and shifters.

AD components

Consumption — the largest share	Investment — the most volatile
Government spending	Net exports

AS shifters

Productivity and technology	Input costs, especially energy
Labour force size and skills	Regulation and infrastructure

> A negative supply shock raises prices and reduces output at once. That combination is what makes stagflation hard to treat.