Monetary policy
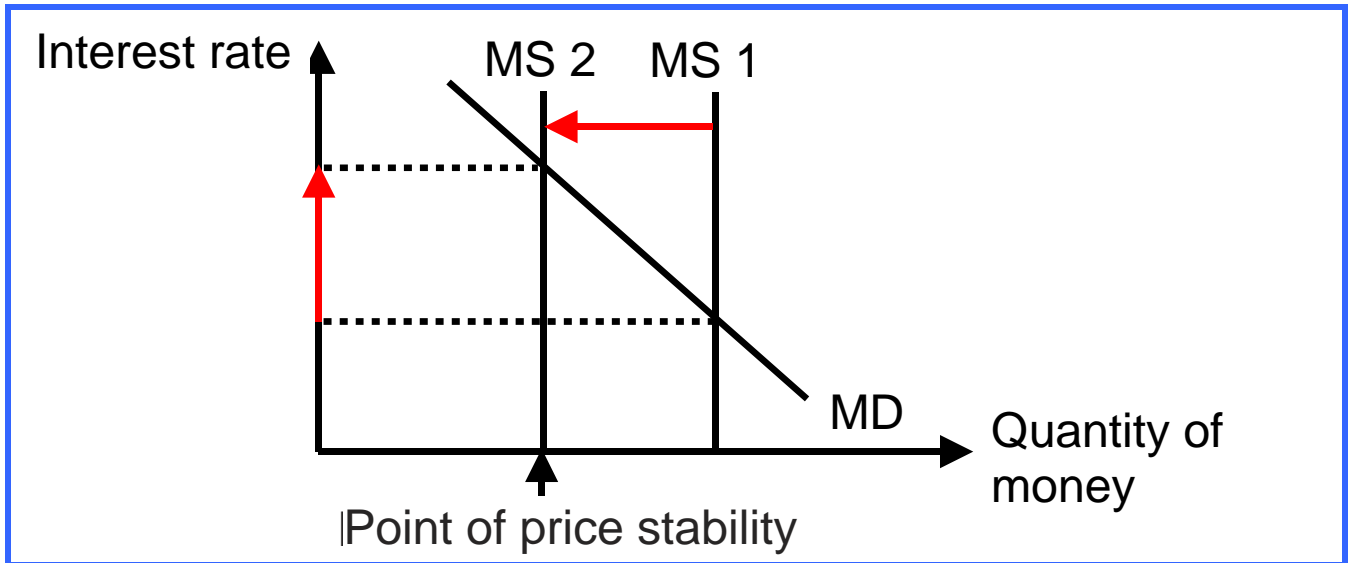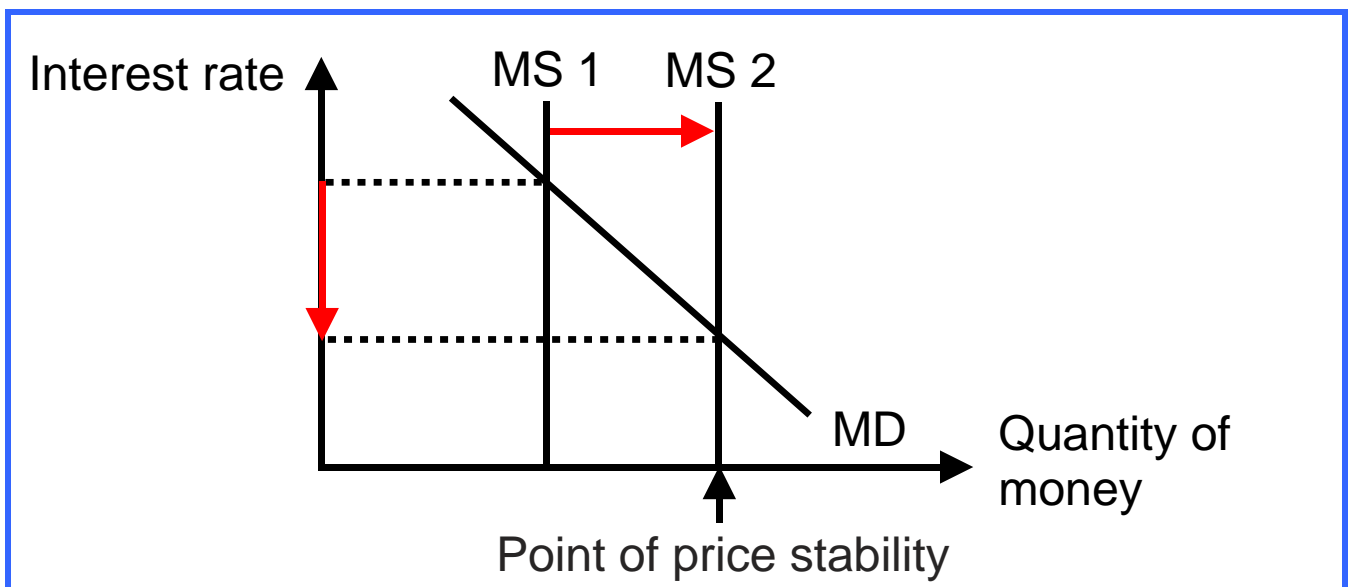
We assume that the **price stability** is the primary goal of the monetary policy.

① Situation of **inflation**

Point of price stability

② Situation of **deflation**

Point of price stability

MS = Money supply
MD = Money demand