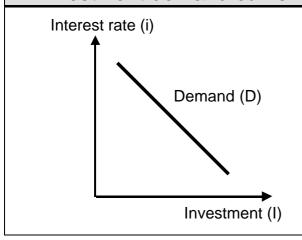
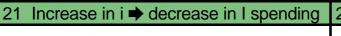
# **Investment Demand**

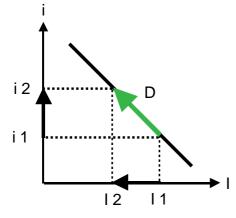
## Investment demand curve

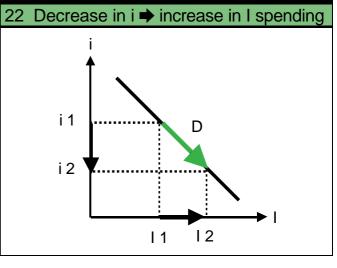


- The downward-sloping investment demand curve shows the relationship between interest rates and investment.
- Assumption: Ceteris paribus
  - → All other determinants of investment are held constant.

# 2 Movements along the investment demand curve

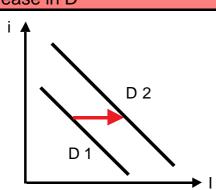




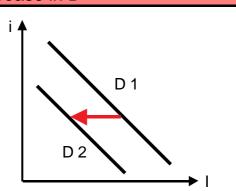


#### 3 Shifts in the investment demand curve

## 31 Increase in D



32 Decrease in D



Determinants increasing D:

- Economic growth
- Optimism of investors
- More subsidies or less taxes

Determinants decreasing D:

- Recession, depression
- Pessimism of investors
- Less subsidies or more taxes

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