What influences the components of aggregate demand?

The four components of aggregate demand are consumer spending **(C)**, investment **(I)**, government spending **(G)** and net exports **(X-M)**. A change in any of these will lead to a shift in aggregate demand. By studying aggregate demand we can understand how changes in its components affect output and price levels.
With a partner discuss whether the following will lead to an increase or decrease in aggregate demand.

Variable	Component/s affected	Explain
Increase in national incomes	Consumer spending Investment spending Government spending Net Export spending	
Interest rates fall	Consumer spending Investment spending Government spending Net Export spending	
Prices drop	Consumer spending Investment spending Government spending Net Export spending	
A commitment to public spending to improve health and education	Consumer spending Investment spending Government spending Net Export spending	
Interest rates rise	Consumer spending Investment spending Government spending Net Export spending	
Advances in technology for firms	Consumer spending Investment spending Government spending Net Export spending	

Business confidence is low	Consumer spending Investment spending Government spending Net Export spending	
Market failure	Consumer spending Investment spending Government spending Net Export spending	
Foreign incomes rise	Consumer spending Investment spending Government spending Net Export spending	
Inflation rises by 5%	Consumer spending Investment spending Government spending Net Export spending	
Exchange rate lowers. E.g the dollar depreciates against the yen	Consumer spending Investment spending Government spending Net Export spending	
Exchange rate incr. E.g the dollar appreciates against the yen	Consumer spending Investment spending Government spending Net Export spending	