Fun With the Economy!

How your purchase of a pair of Scissors sends Demand signals through the Economy

PRODUCER PRICE INDEX MODEL (PPI)
FINAL DEMAND

Final Demand is the place that your purchase signals to 'place an order' from the Production Stages, or Intermediate Demand part of the Economy.

Your purchase puts replacement demand on economy.

You purchase a pair of Scissors at the local office supply store

PPI - INTERMEDIATE DEMAND

STAGE #4: Final Assembly

At this Stage, the parts to the scissor arrive in bulk. Here the assembler puts the pieces together, packages the scissors for Retail and ships to Final Demand for sale.

PPI - INTERMEDIATE DEMAND

STAGE #3: Parts

Stage #3 receives processed materials that are feedstocks to the making of the parts going into your scissors. Steel to be stamped and machined. Resins for the coating that will go on the handles. Boxing the bulk parts & ship to Assembler.

PPI - INTERMEDIATE DEMAND

STAGE #2: Processed Materials

This is where Raw Materials are brought in and processed into materials necessary to make the parts demanded by Final Ass'y, and thus Final Demand. Steel variants are made from ore, coke, etc. Resins for plastic, Styrofoam, etc. are processed from petroleum in combination with other elements.

PPI - INTERMEDIATE DEMAND

STAGE #1: Raw Materials

Ultimately, all the material we use in our economy starts out as some raw materials extracted from the land. Oil, bauxite, iron ore, coal, rare earth materials, lime, etc. are the necessary feedstocks to the Processing Stage, where useable derivatives are made for the demand from Parts Makers.

Gold colored arrows show the flow of Demand through the model

Olive colored arrows show the flow of Goods & Services through model to satisfy the Demand

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