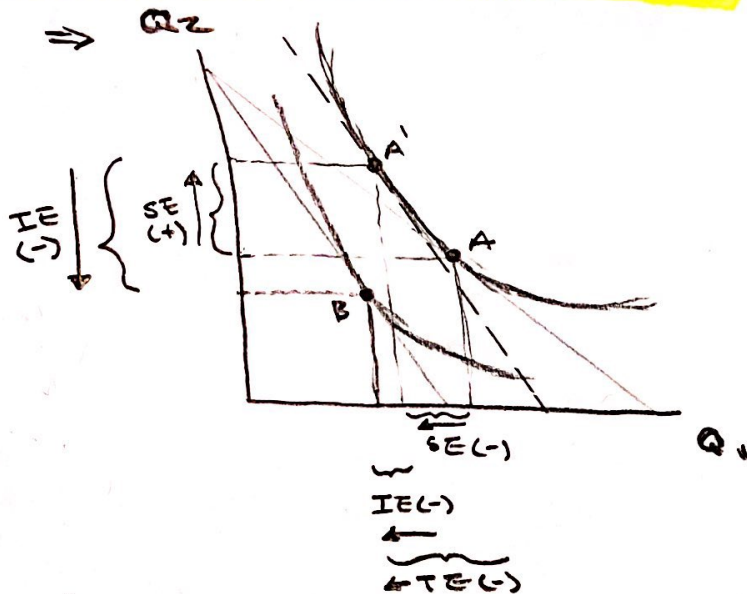


Example of Price Decrease (TE, SE, IE)

Price Increase Q1 (7/16)



$\Rightarrow P_1 \uparrow$

\Rightarrow shift + Inward

(saw this w/ the Lattes & Burrito Example)

\Rightarrow Total Effect = Substitution + Income Effect

$TE = SE + IE$

	TE	SE	IE
Good 1	(-)	(-)	(-)
Good 2	(-)	(+)	(-)

Note that the consumer looks to substitute Good 2 for Good 1, but the Income effect is negative to yield a Negative increase in the total effect.

$SE \Rightarrow A \rightarrow A'$

$IE \Rightarrow A' \rightarrow B$