

## EXAMPLE 3: A Shift in Both Supply and Demand

### EVENTS:

price of gas rises AND  
new technology reduces  
production costs

### STEP 1:

Both curves shift.

### STEP 2:

Both shift to the right.

### STEP 3:

$Q$  rises, but effect  
on  $P$  is ambiguous:  
If demand increases more  
than supply,  $P$  rises.

