

Expectations

When consumers **expect** an
increase in **price** of a good,
they will buy more TODAY

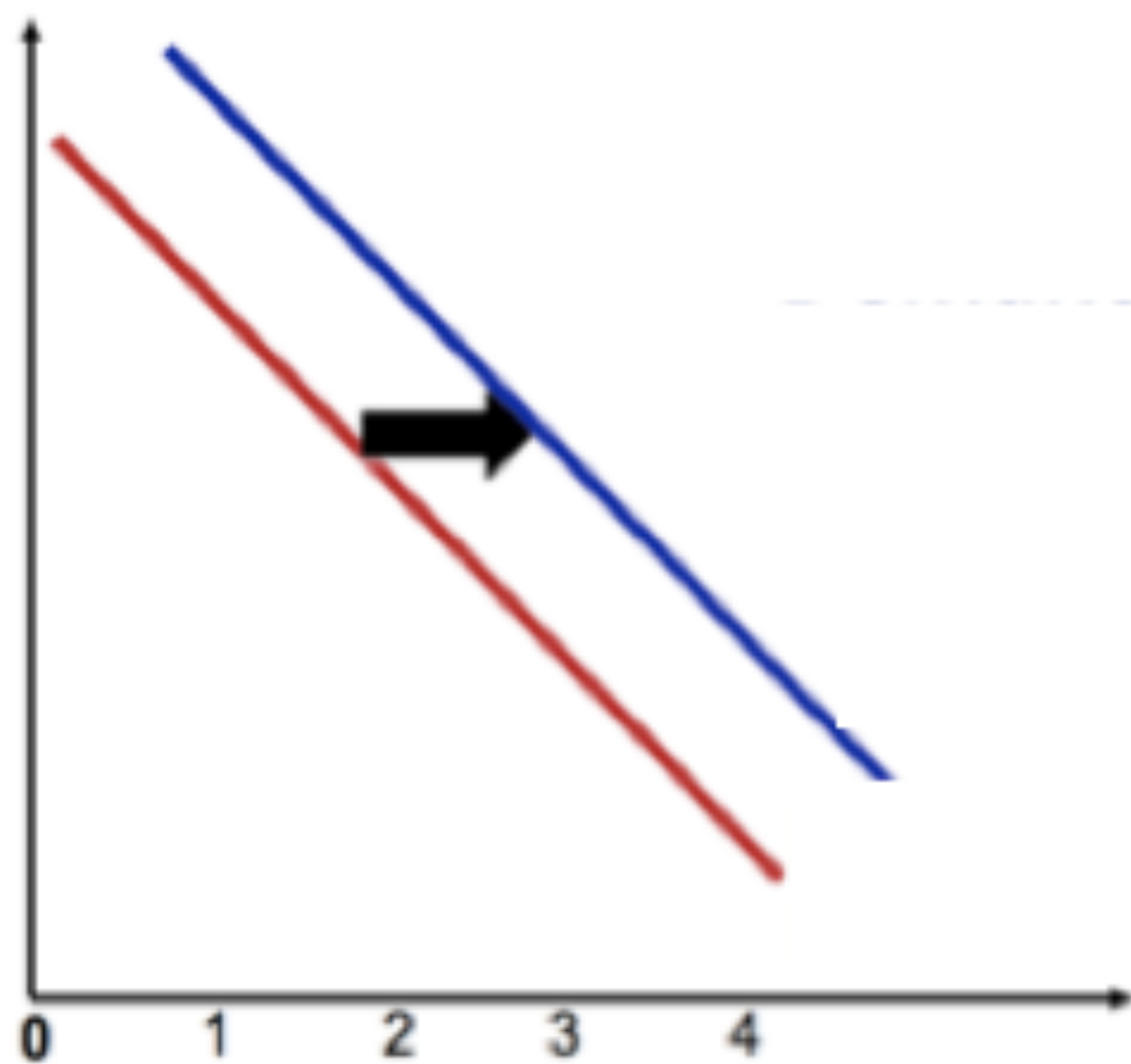
When consumers **expect** an
increase in their **Income**, they
will buy more TODAY





A guess about what will happen in the future

PRICE



Quantity Cars

demand increase

demand increase

A change in Expectations,
shifts Demand

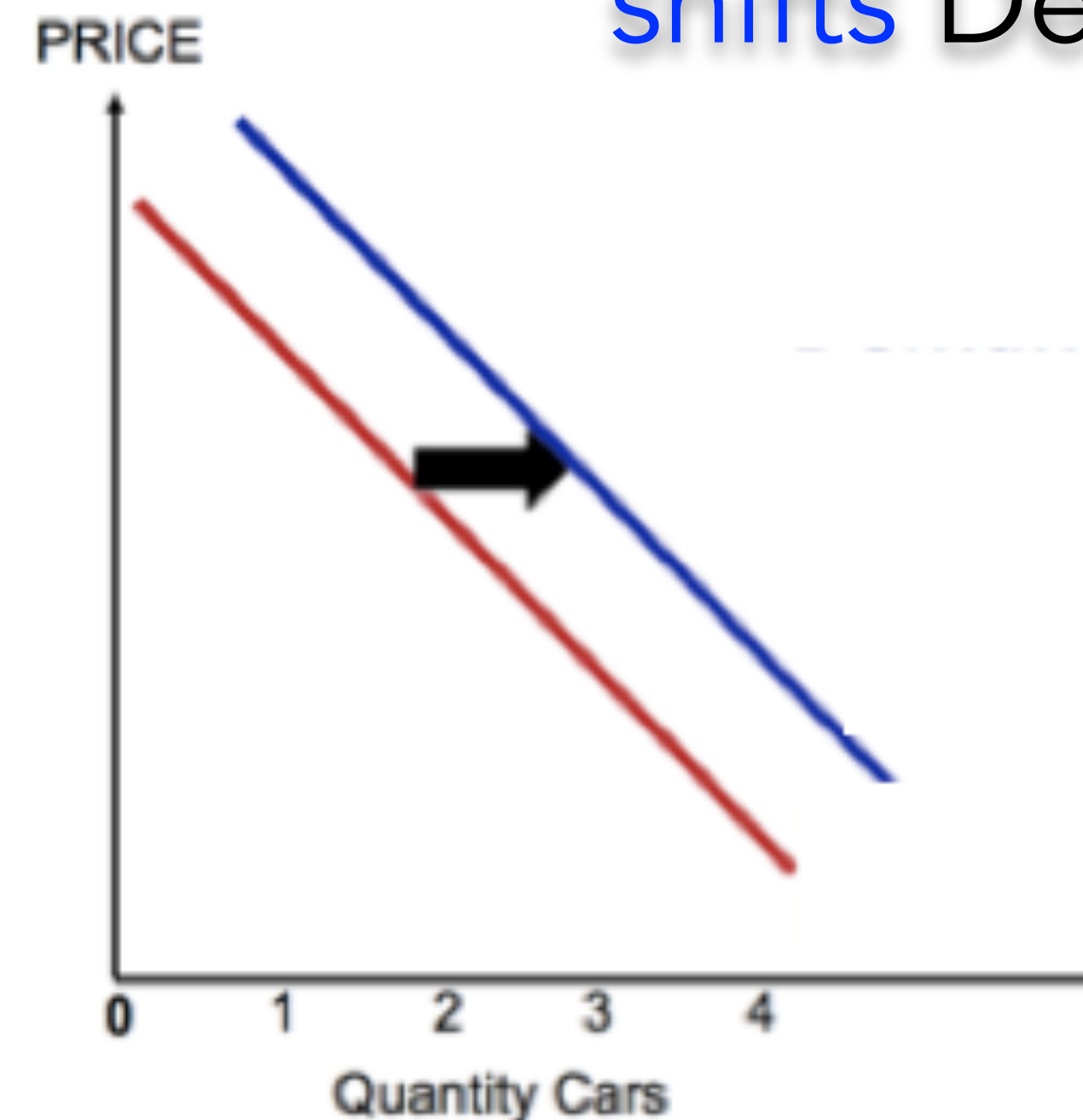
Expectations

A guess about what will happen in the **future**

When consumers **expect** an increase in **price** of a good, **demand increase** TODAY

When consumers **expect** an increase in their **Income**, they **demand increase** TODAY

A change in Expectations, **shifts** Demand



Changes in Quantity
Demanded vs.
Changes in Demand