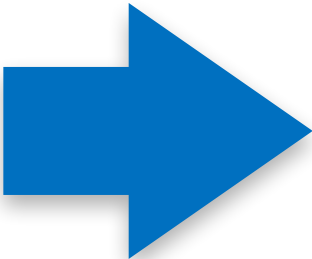




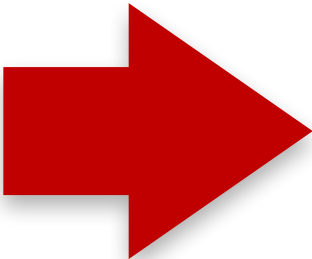
Shifts in Consumption

## 2. Changes in consumer expectations

# Pessimistic Expectations

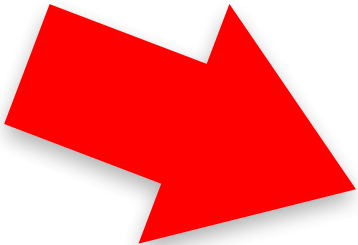


A downward shift in the  
Consumption Line: a  
smaller intercept

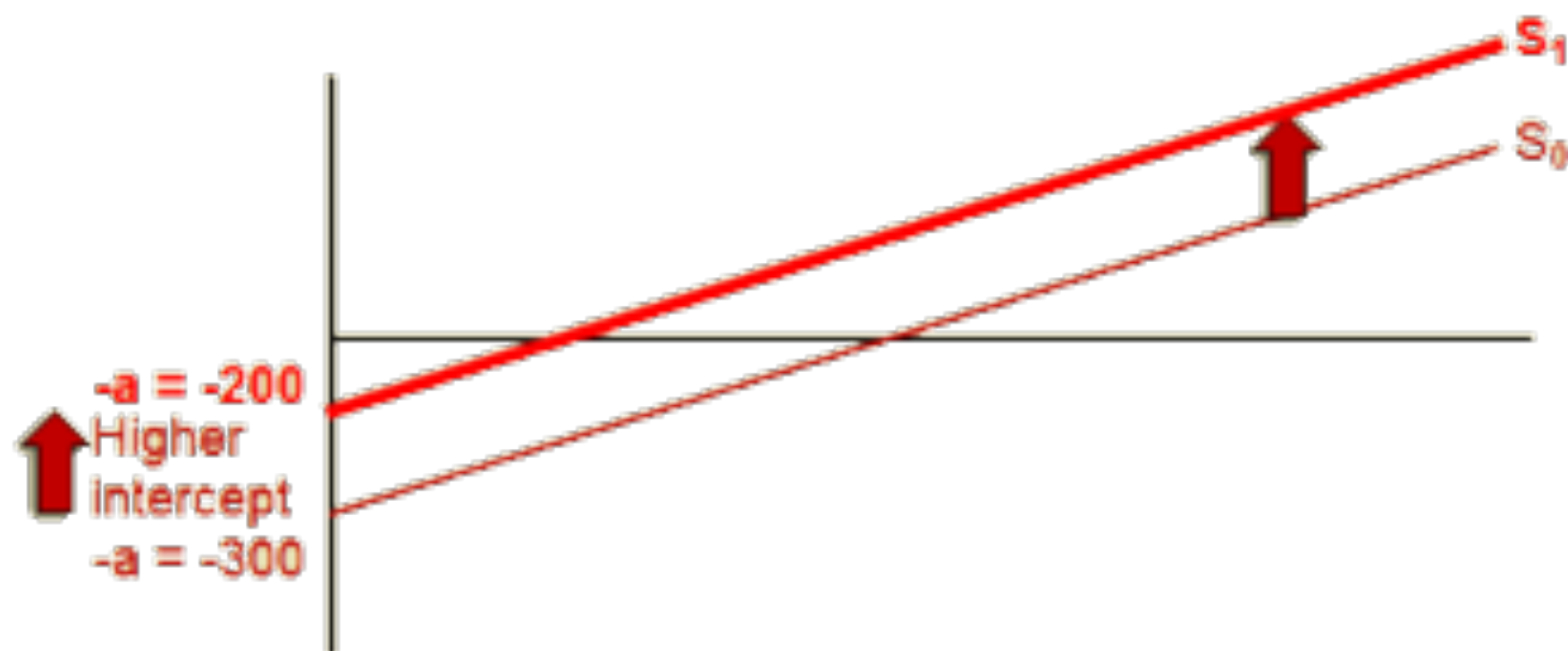
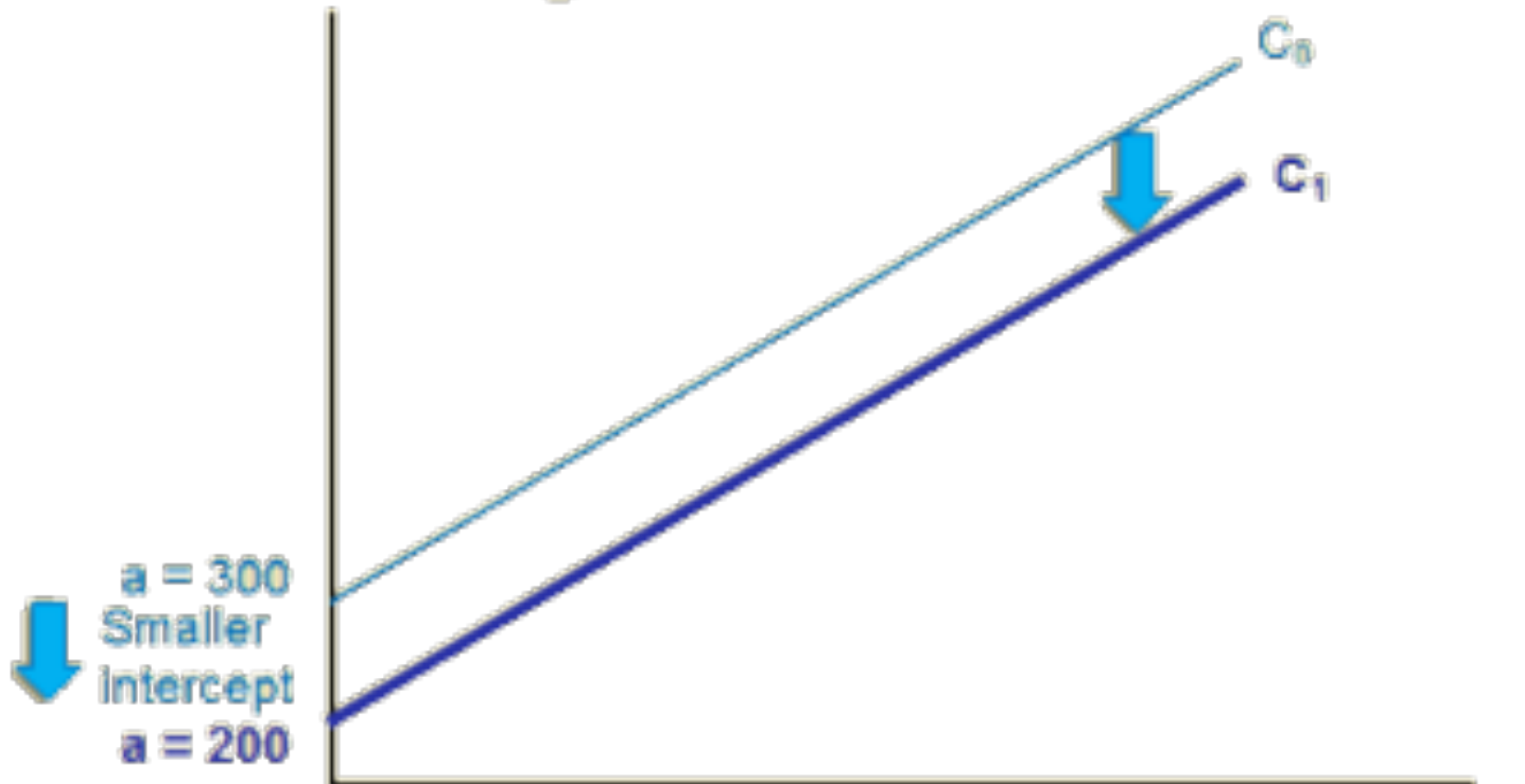


An upward shift in the  
Savings Line: a larger  
intercept





Pessimistic consumers buy less and save more



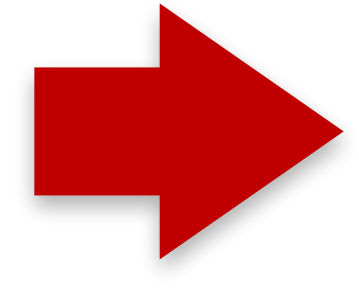
# Shifts in Consumption

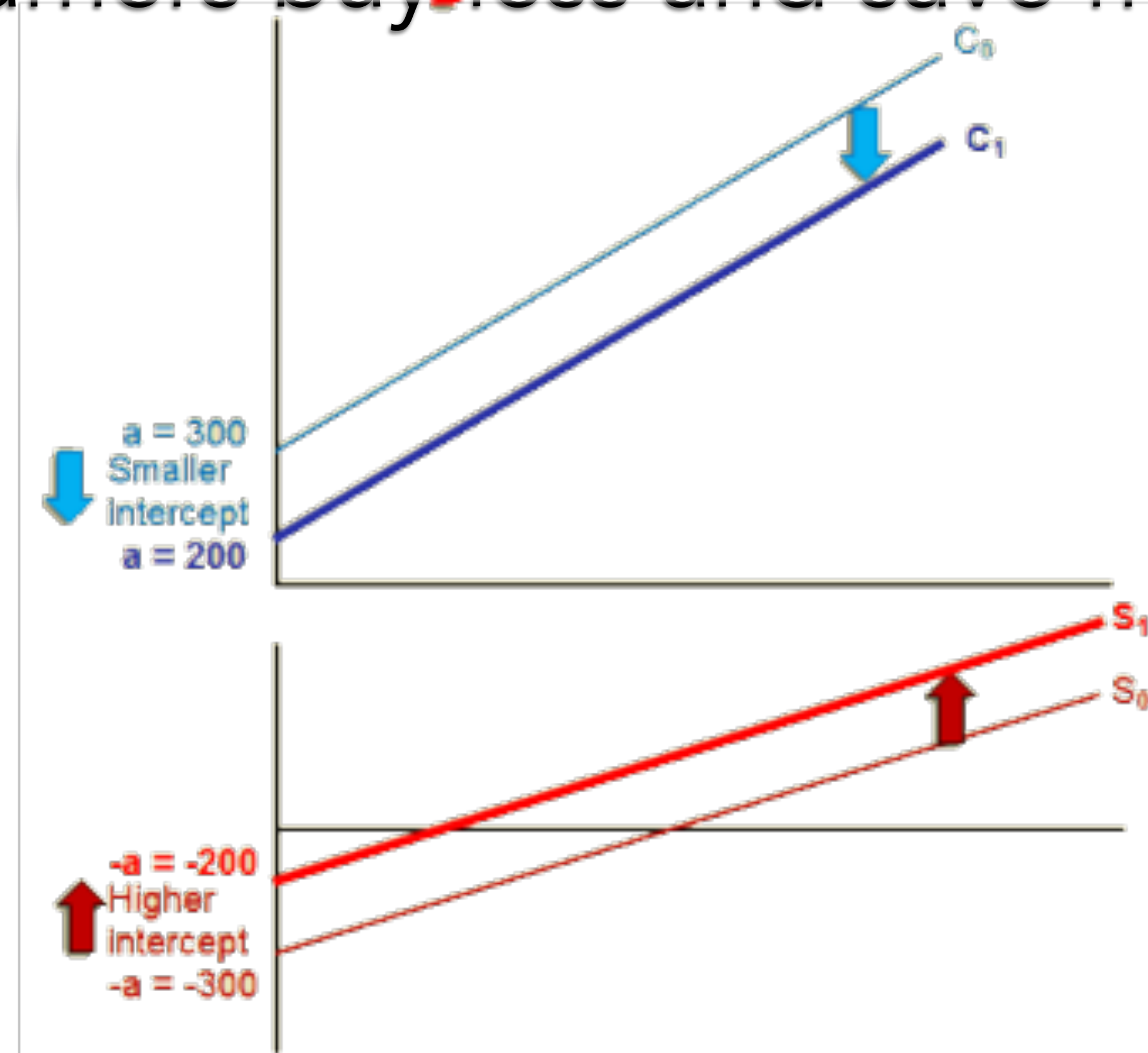
## 2. Changes in consumer expectations

### Pessimistic Expectations

 Pessimistic consumers buy less and save more

 A downward shift in the Consumption Line: a smaller intercept

 An upward shift in the Savings Line: a larger intercept



# Shifts in Consumption