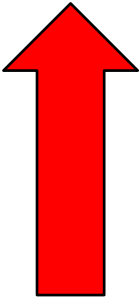


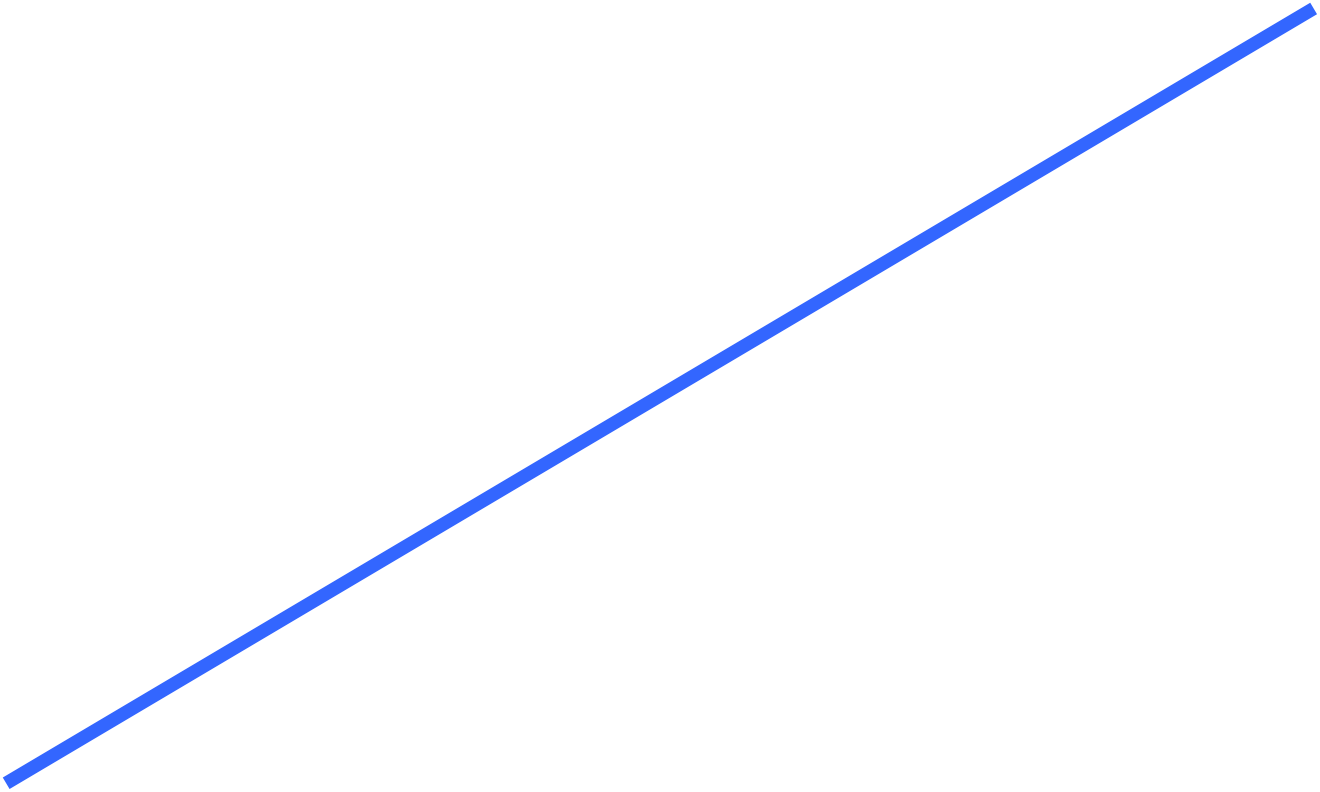
$$\text{Real Wealth} = \frac{\text{Nominal Wealth}}{\text{Price Index}}$$



1. An decrease in prices, increase the real value of Wealth

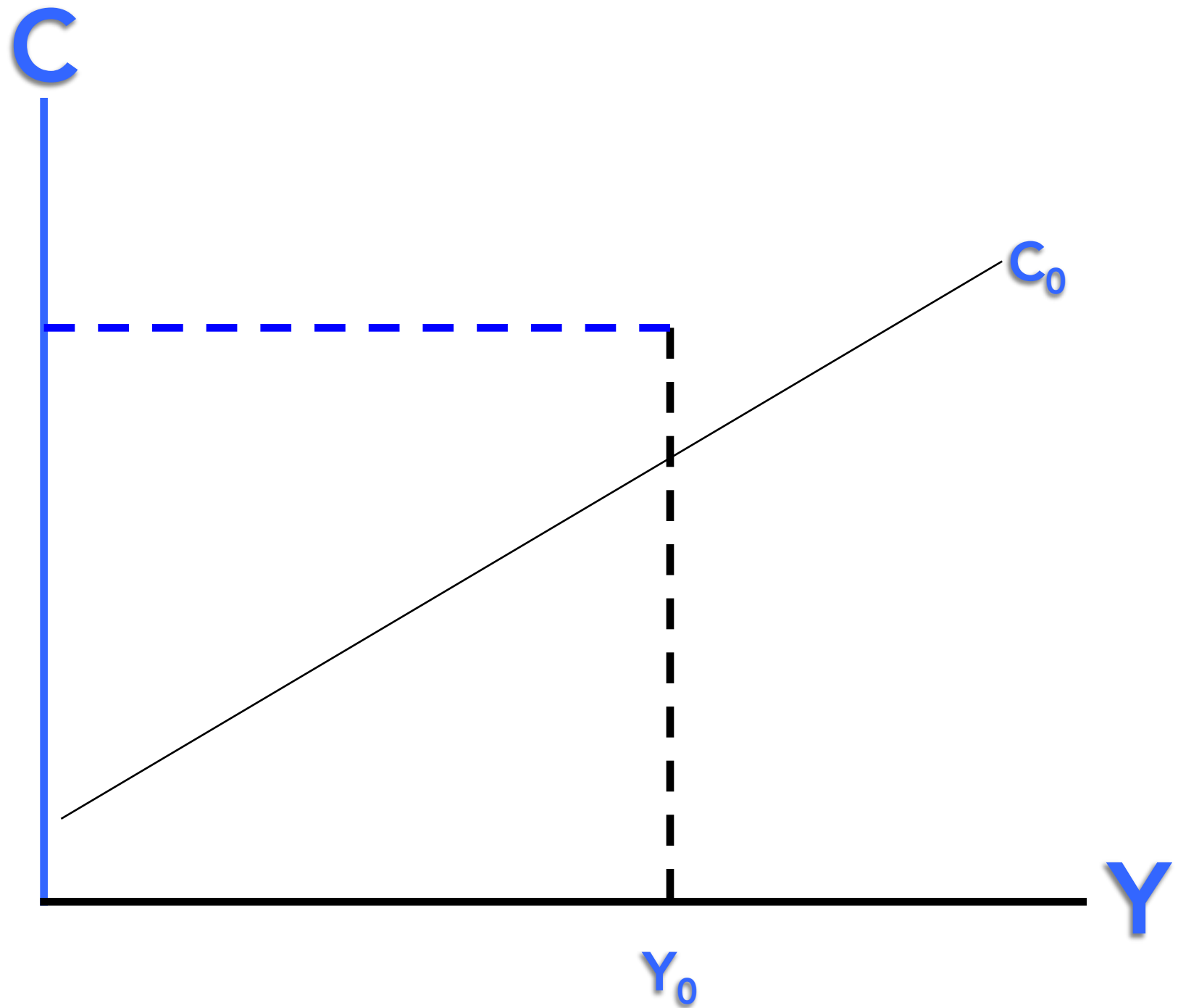
From Aggregate Expenditures to Aggregate Demand



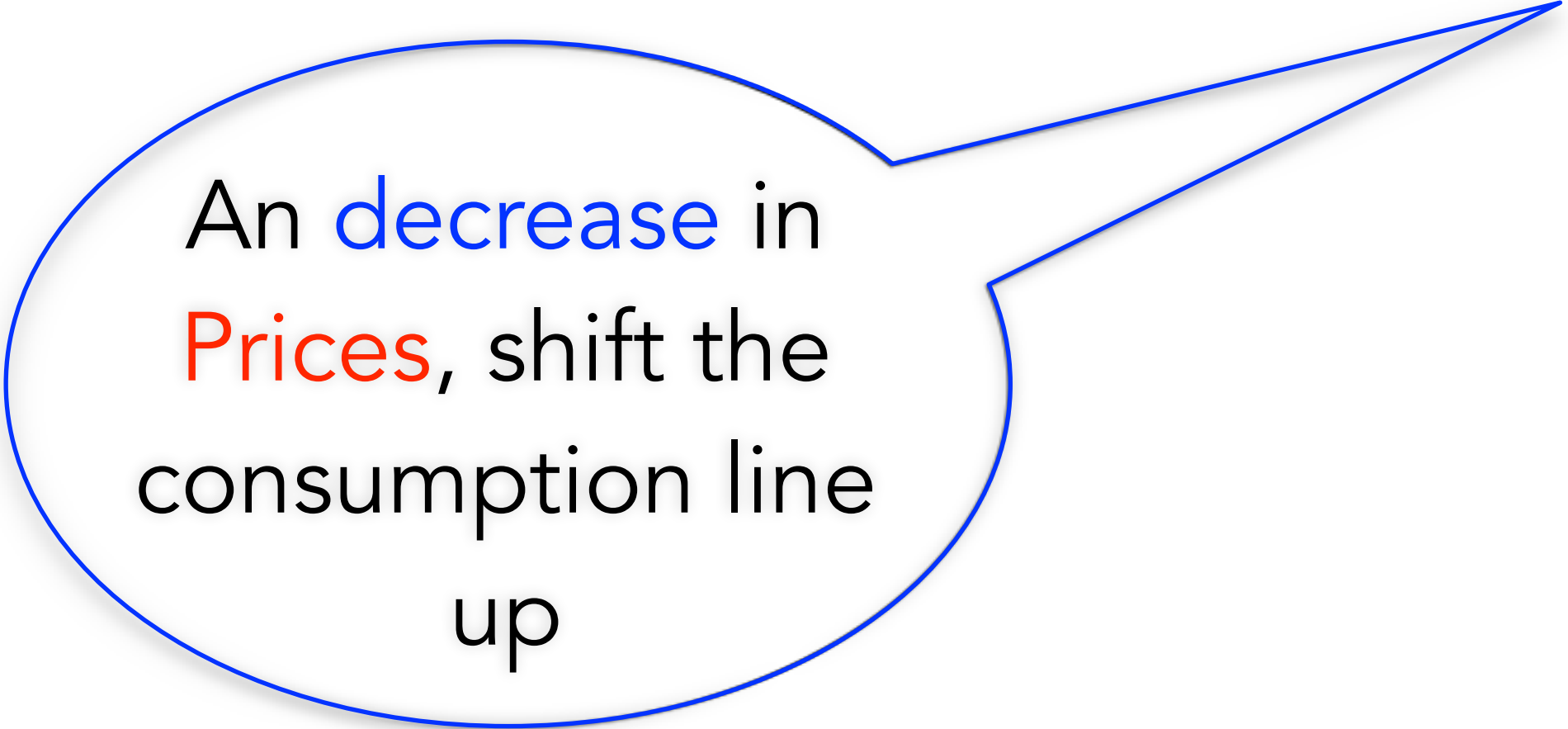


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2. A *increase* in Real value of Wealth,
increase Autonomous Consumption



An decrease in
Prices, shift the
consumption line
up

From Aggregate Expenditures to Aggregate Demand

1. An decrease in prices, increase the real value of Wealth

$$\begin{array}{c} \uparrow \text{Real Wealth} = \frac{\text{Nominal Wealth}}{\downarrow \text{Price Index}} \end{array}$$

2. A increase in Real value of Wealth, increase Autonomous Consumption

An decrease in Prices, shift the consumption line up

