







Price

Demand Increase: "Consumers buy 20% more at all prices"

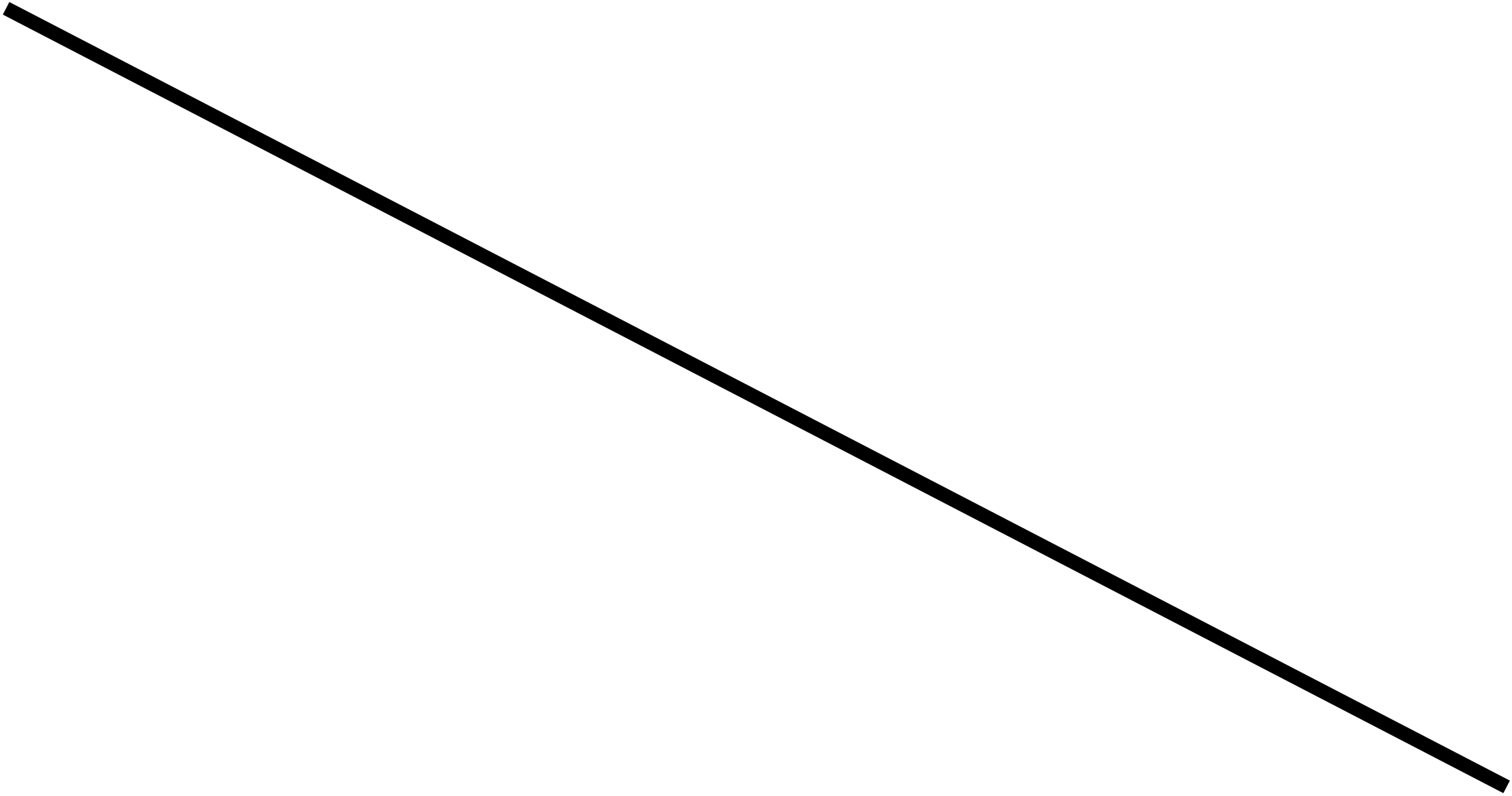
P

=

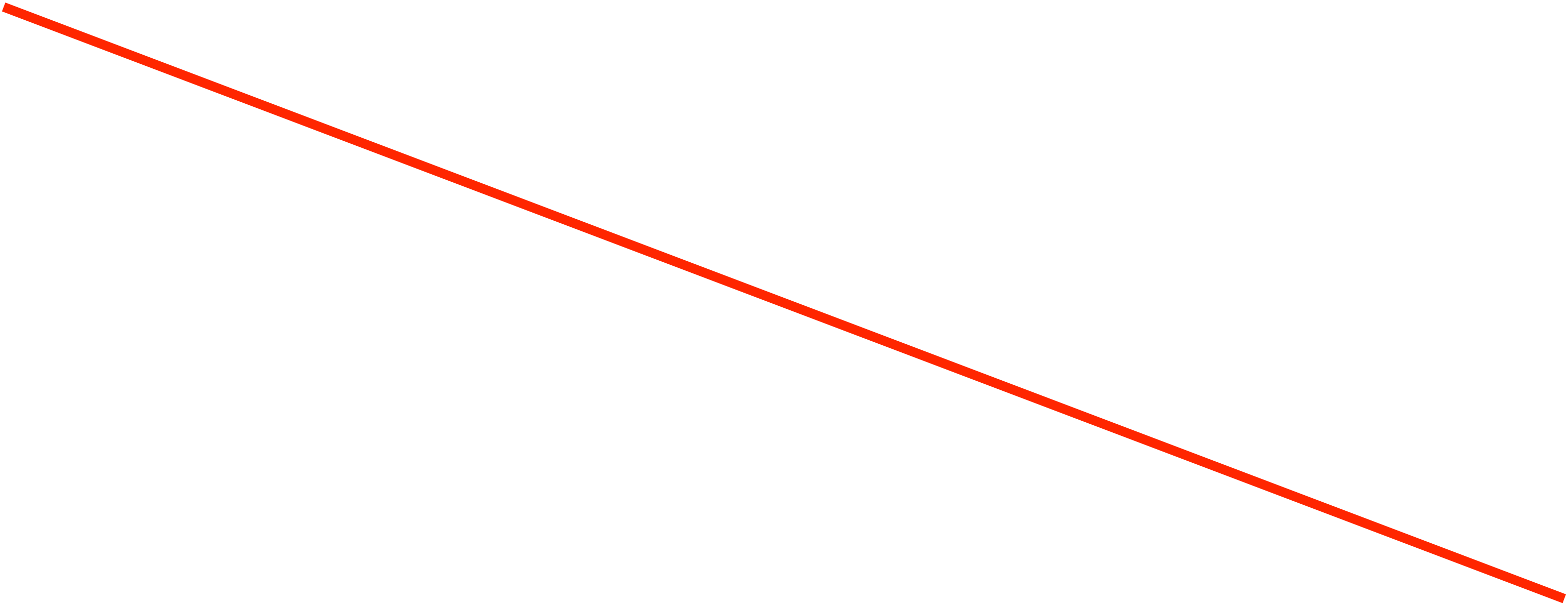
1

0





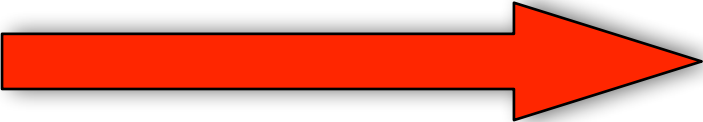




P = 10



New Demand



$$Q^d = 24$$

$$\text{New } Q^d = (20 - 2P)(1 + 0.2)$$

If  $Q^d = 0$



0 = 24 - 2.4P

2.4P = 24

$$P = 24/2.4$$

P = 10

$$\text{odd}Q^d = 20 - 2P$$

$$Q^d = 20$$



If  $P = 0$



NewQ<sup>d</sup> = 24-2.4P



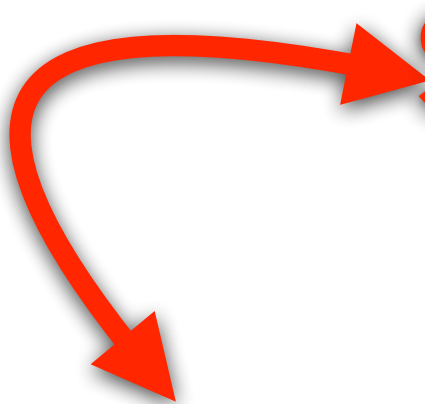
NOT Parallel Shift

$$\text{New } Q^d = 20(1.2) - 2P(1.2)$$

New Q<sup>d</sup> = (20 - 2P)(1.2)

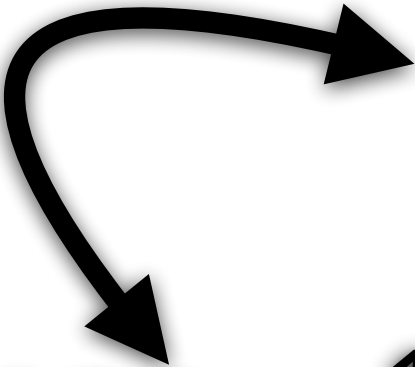
NewD  $\equiv$  OldD + 20%

Consumers buy 20% more at all prices



Slope =  $10/24$

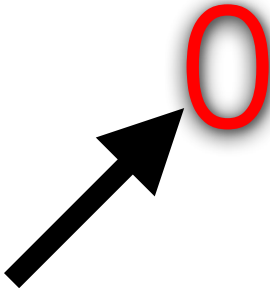




$$\text{Slope} = 10/20$$

Flatter

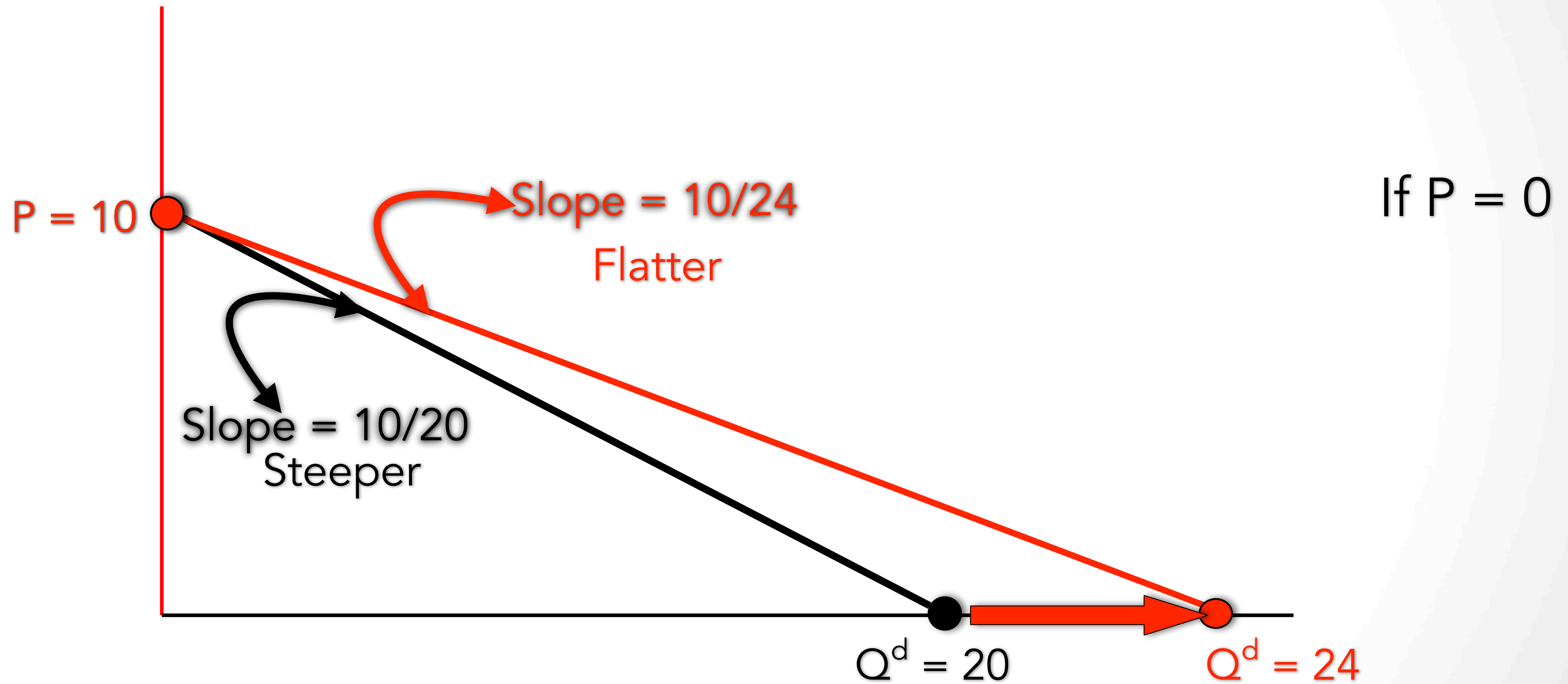
Steep(er)



NOT a Parallel Shift

New D = Old D + 20%

$$\text{New } Q^d = (20 - 2P)(1 + 0.2)$$



Demand Increase: "Consumers buy 20% more at all prices"

