



Price

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

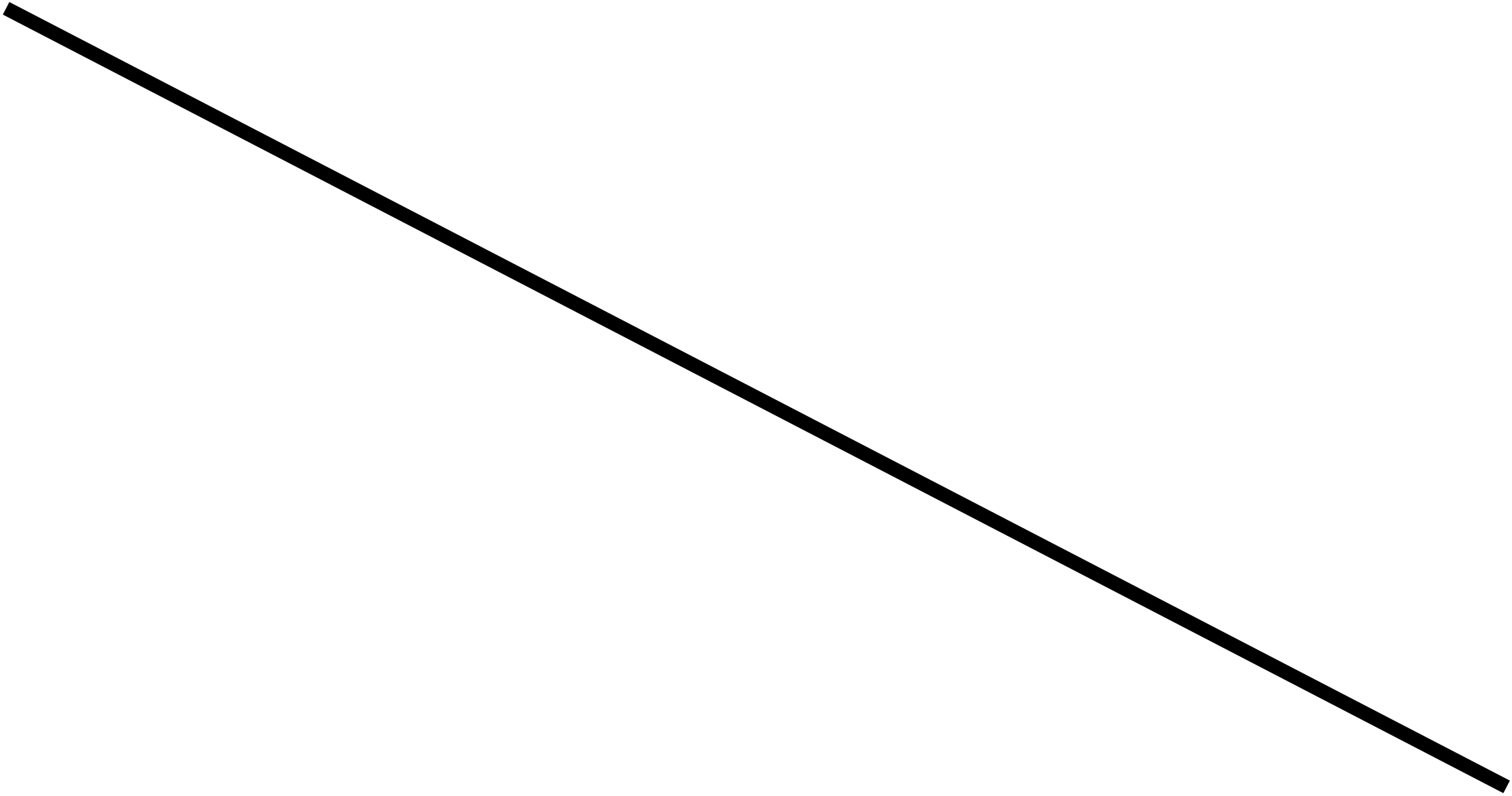
P

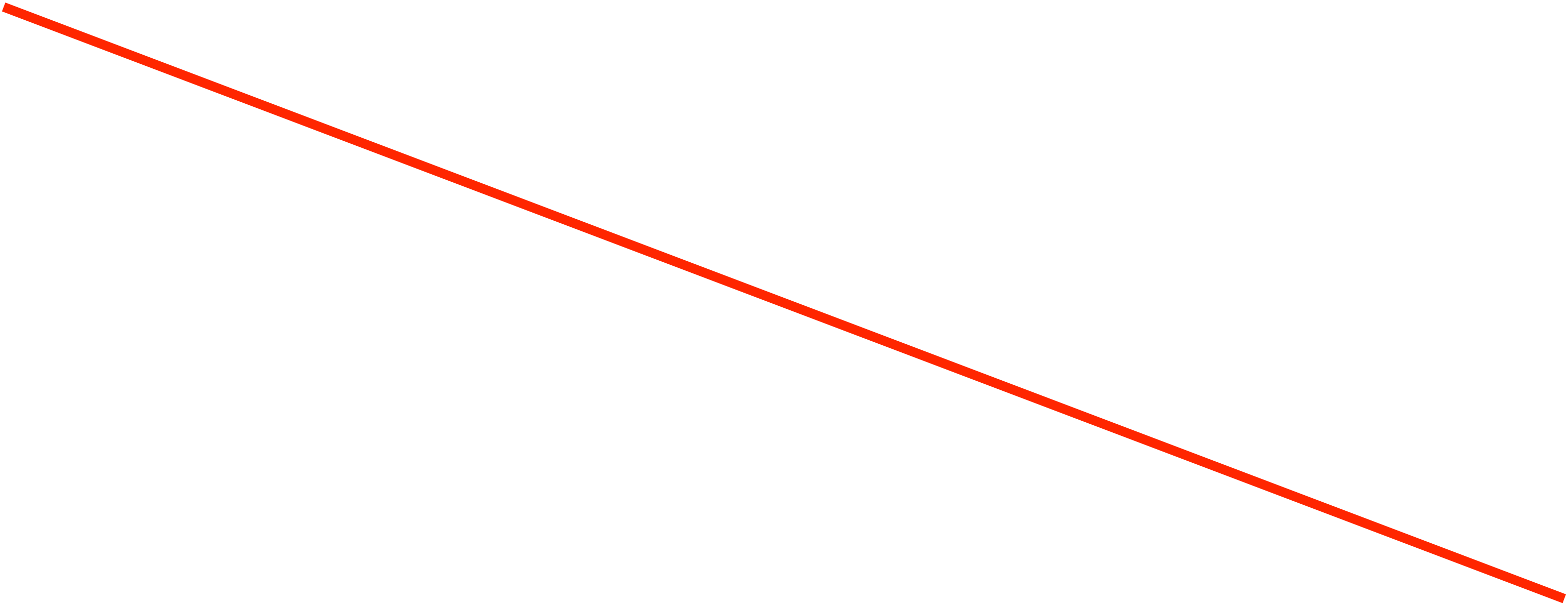
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1

0





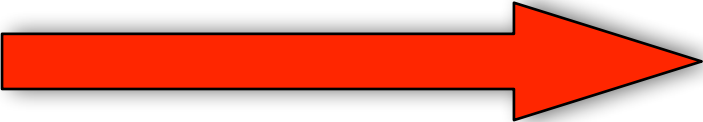


P = 10





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^d = 24-2.4P



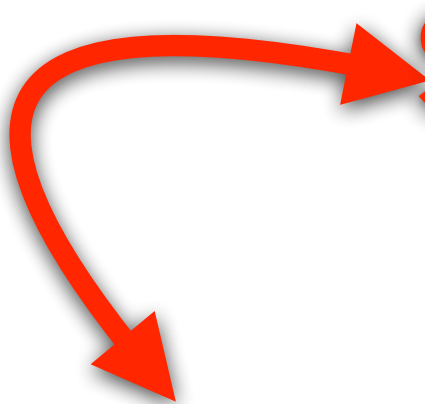
NOT Parallel Shift

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

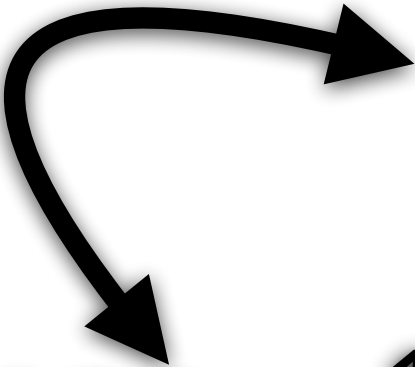
New Q^d = (20 - 2P)(1.2)

$$\text{NewD} \equiv \text{OldD} + 20\%$$

Consumers buy 20% more at all prices



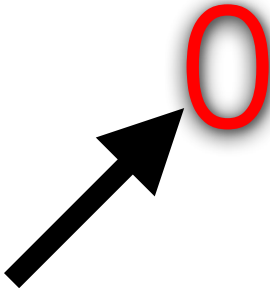
Slope = $10/24$



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

Flatter

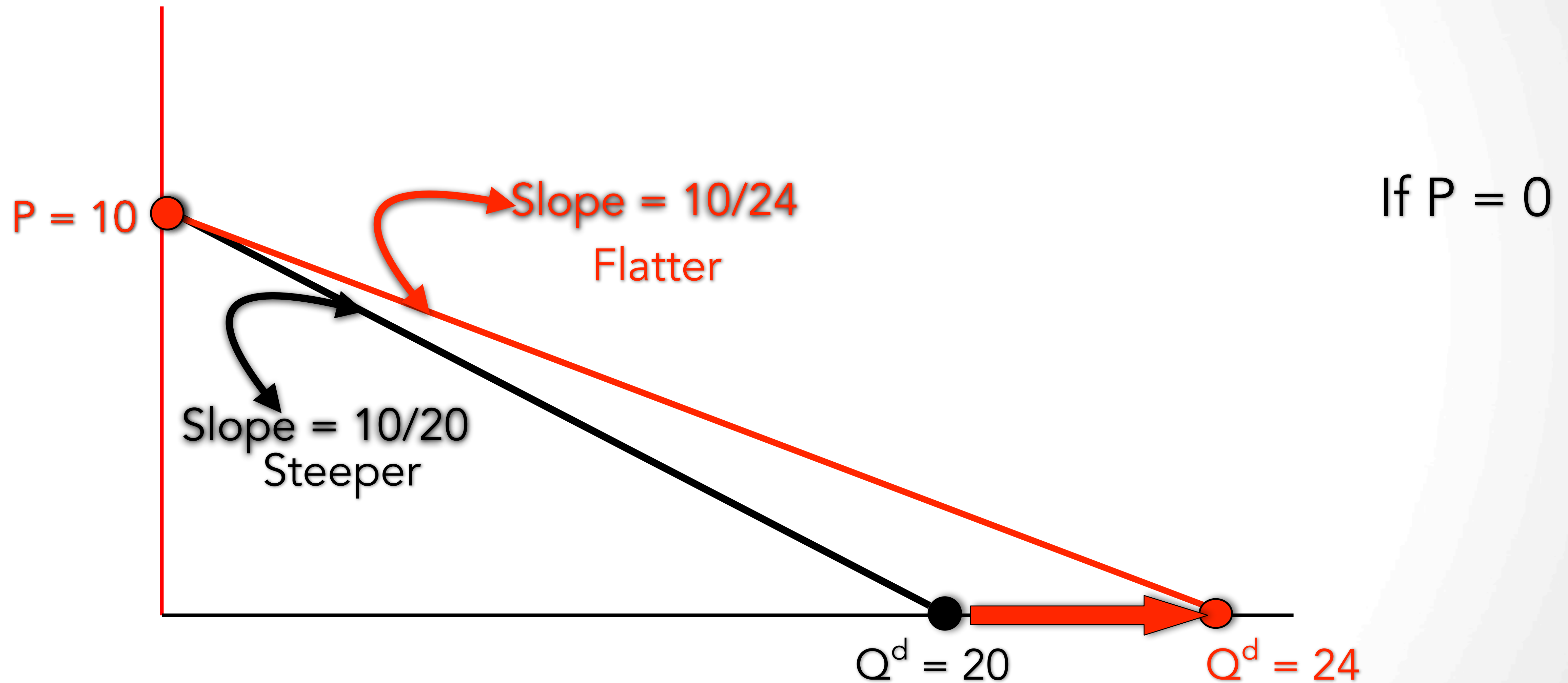
Steep(er)



NOT a Parallel Shift

New D = Old D + 20%

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



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