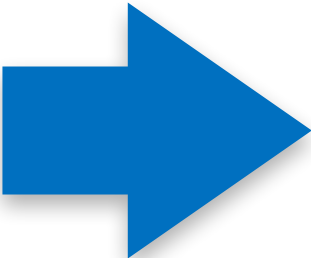
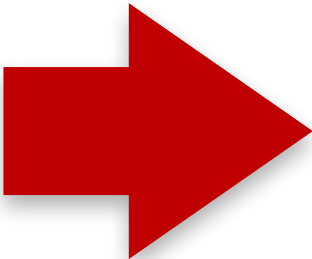




# Shifts in Consumption



A downward shift in the  
Consumption Line: a  
smaller intercept



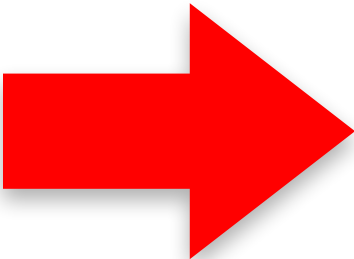
An upward shift in the  
Savings Line: a larger  
intercept

1. Changes in wealth

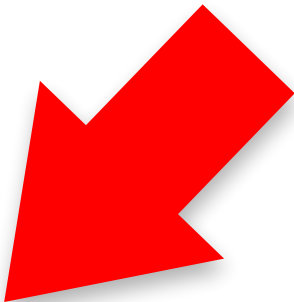
Stock prices drop



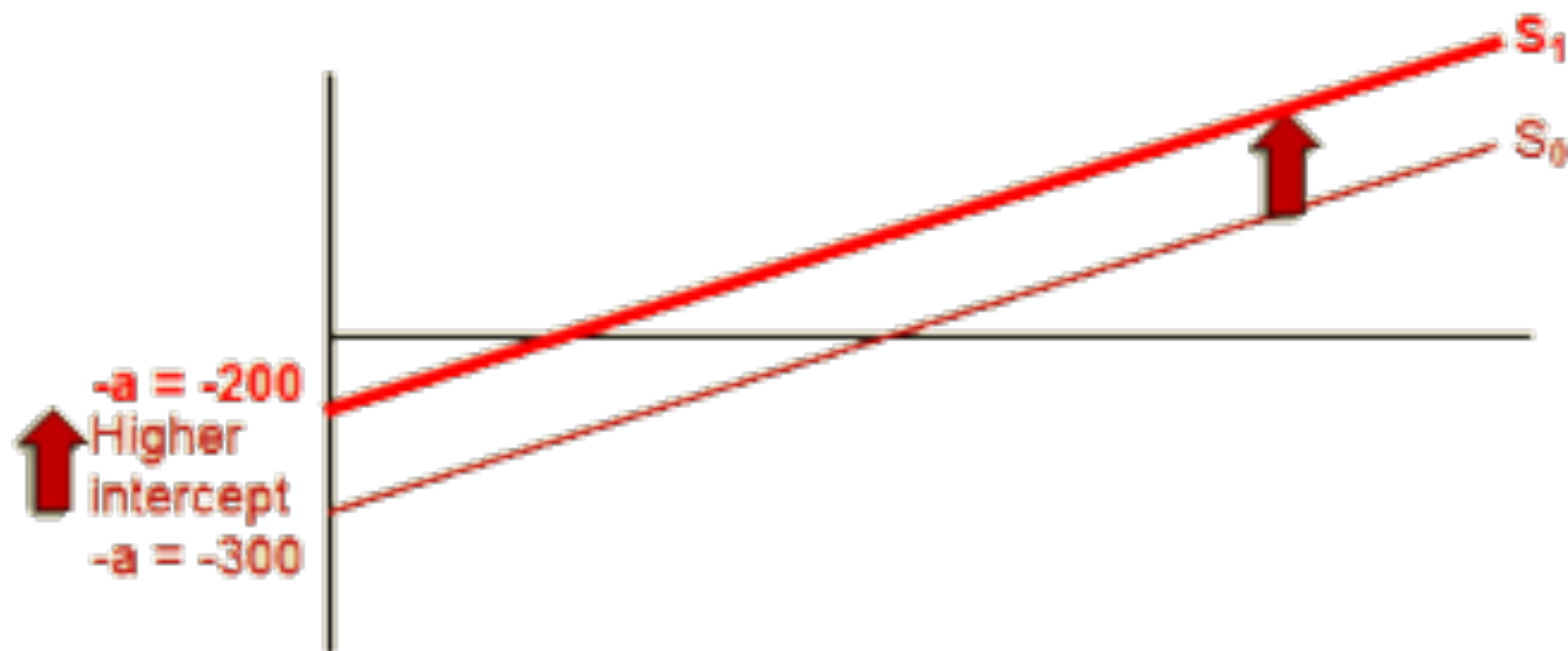
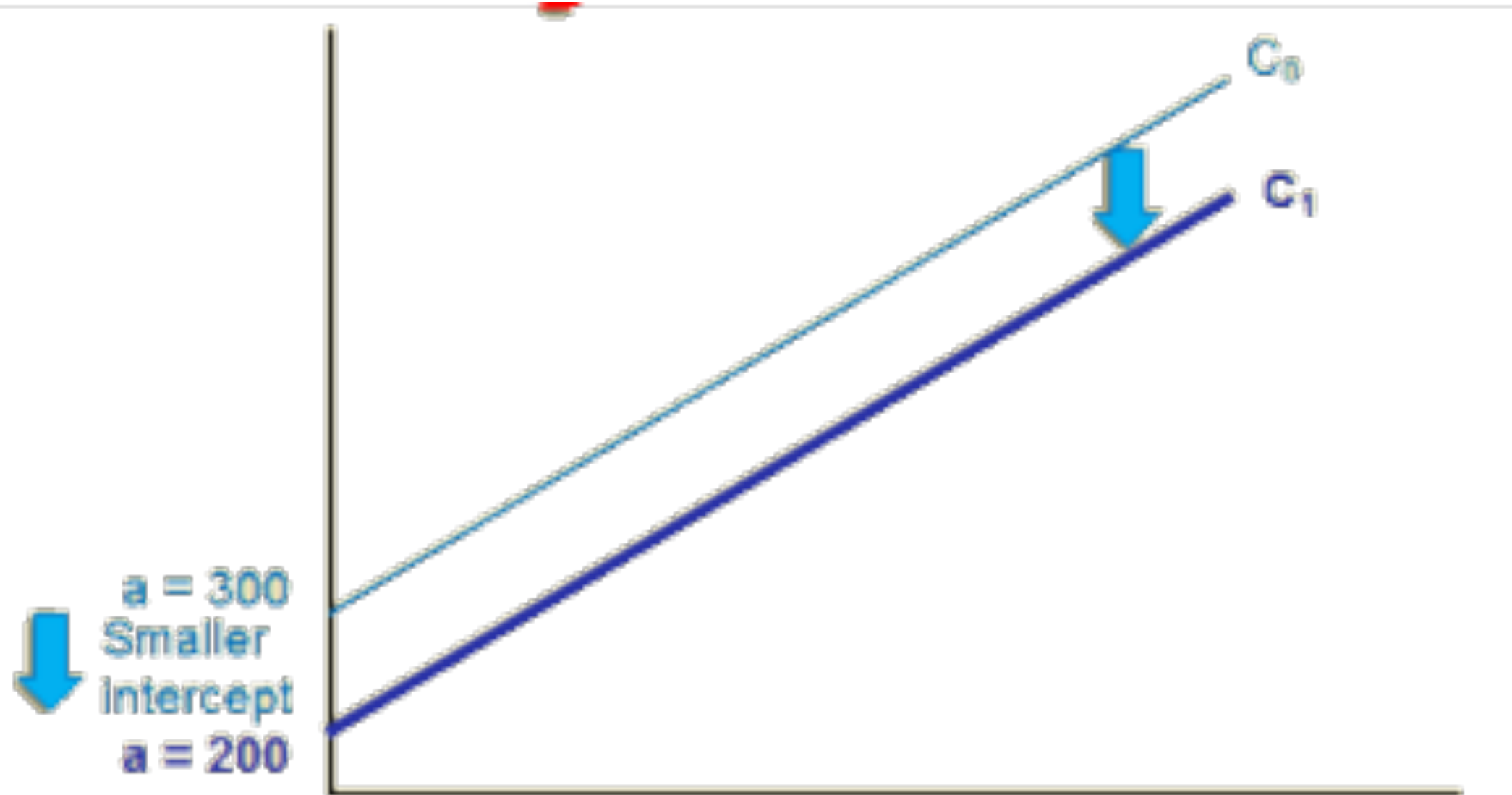
Home values drop



Wealth Decrease

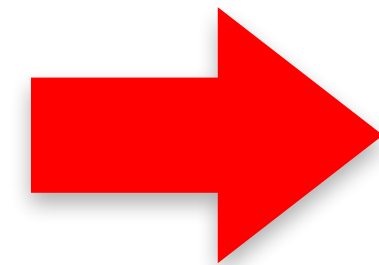


Consumers spend less and save  
more of their income

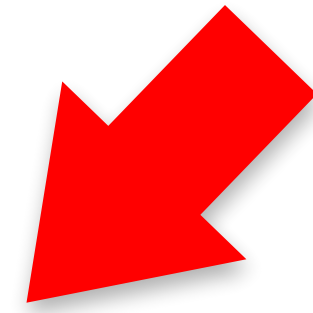


# Shifts in Consumption

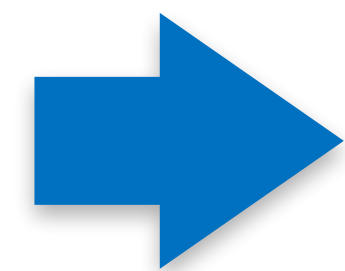
1. Changes in wealth  
Stock prices drop  
Home values drop



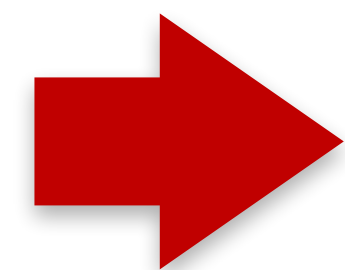
Wealth Decrease



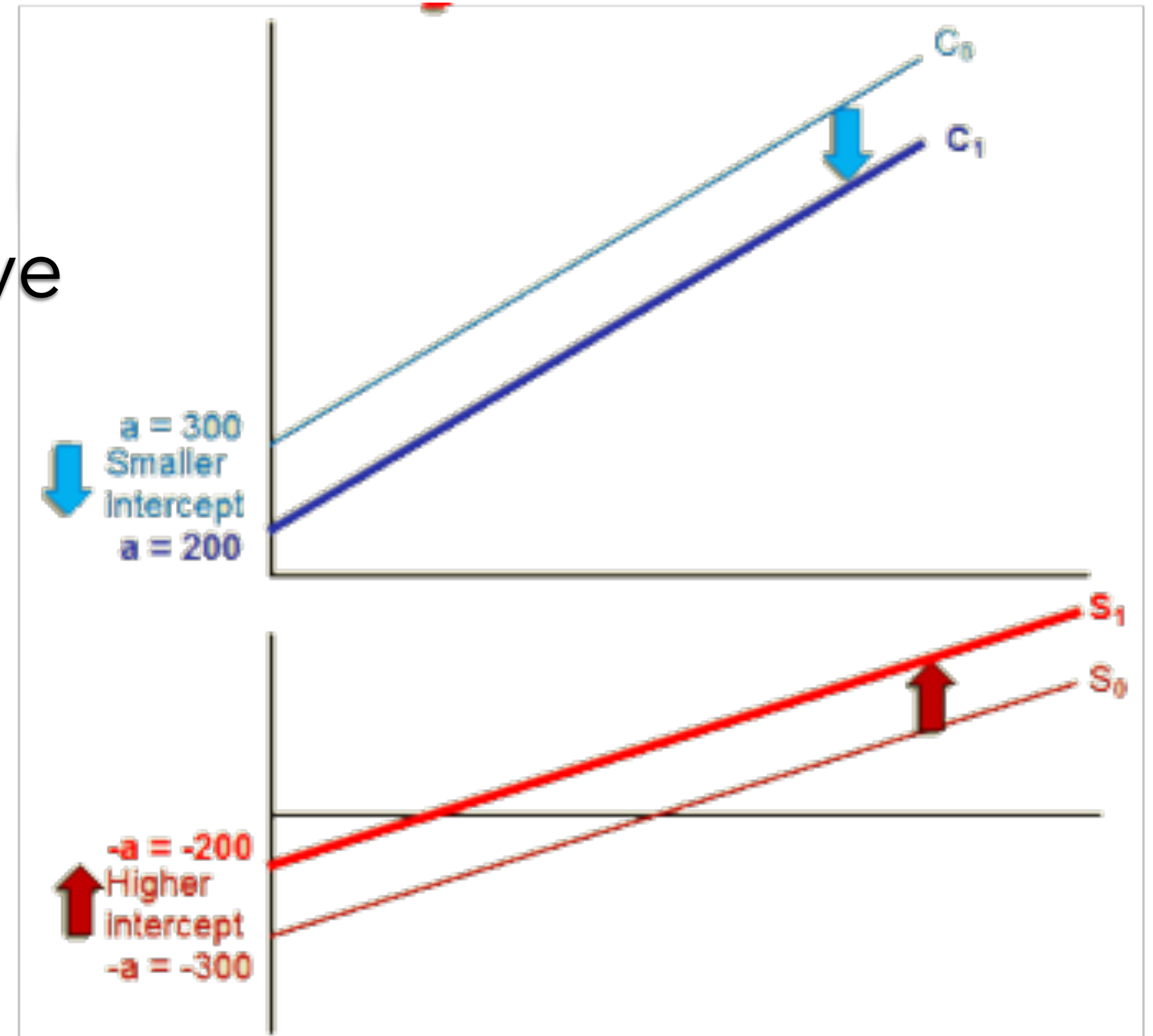
Consumers spend less and save more of their income



A **downward** shift in the Consumption Line: a **smaller** intercept



An **upward** shift in the Savings Line: a **larger** intercept



# Shifts in Consumption

## 2. Changes in consumer expectations