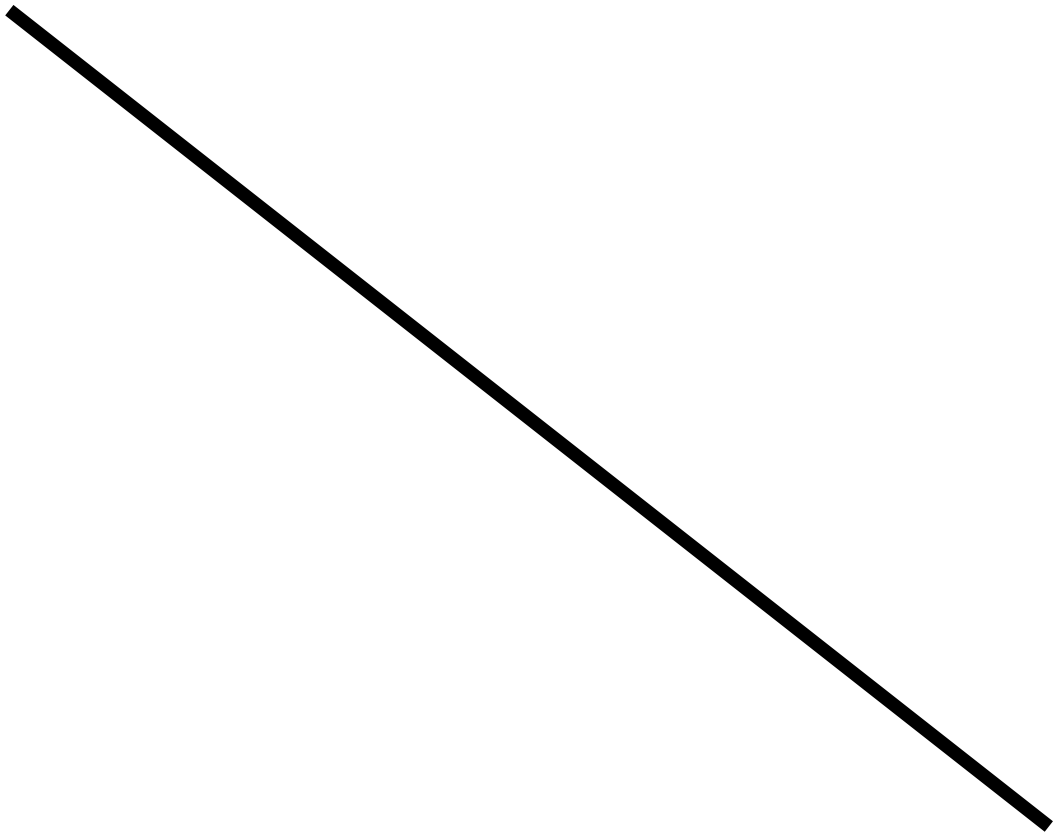


Stagflation from a Supply
Shock







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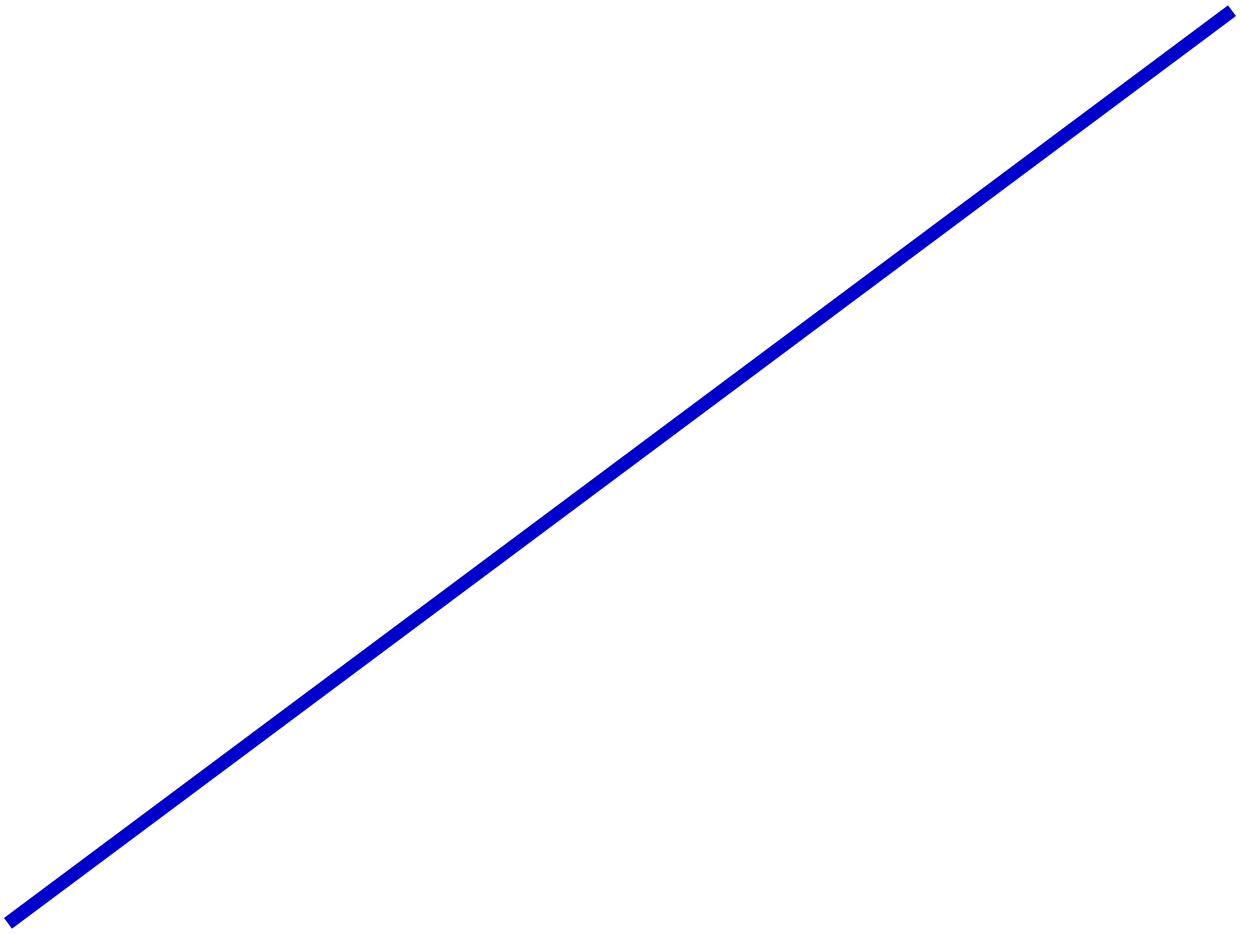


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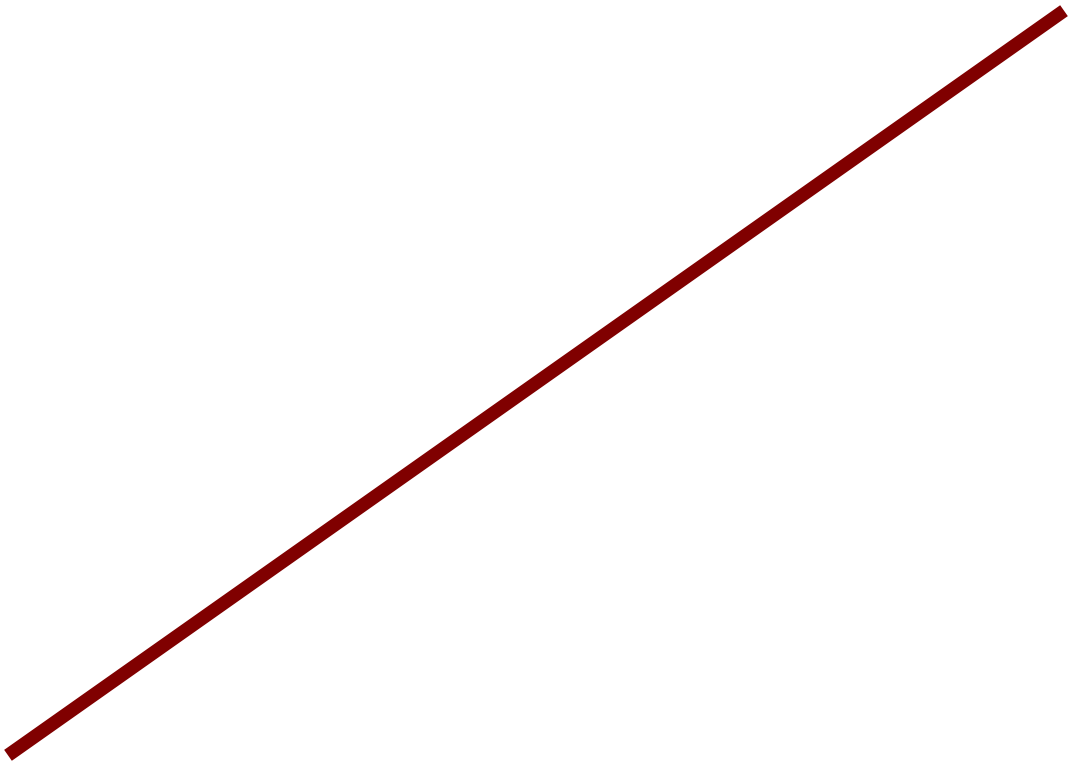




AS₁







AS₂



REGDR

**Oil Prices rise: Cost of
production increase: AS
shifts left**

**Higher prices &
lower output:
stagflation**







