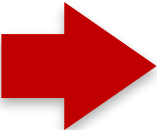


Shifts in Consumption



A downward shift in the
Consumption Line: a
smaller intercept

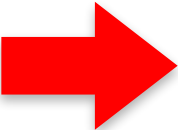


An upward shift in the Savings Line: a larger intercept

1. Changes in wealth

stock prices drop

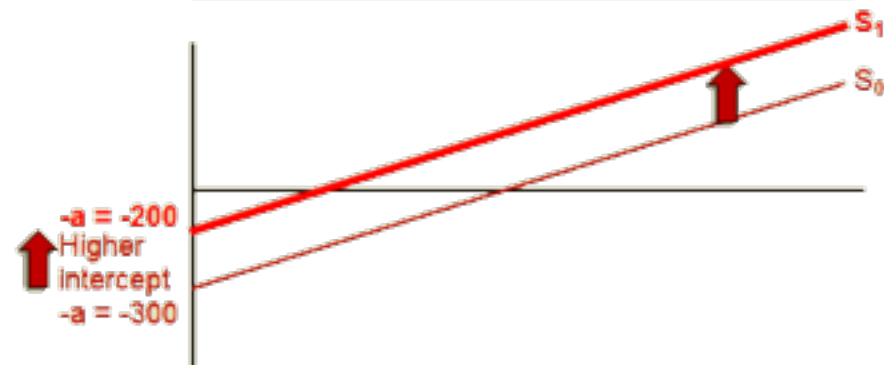
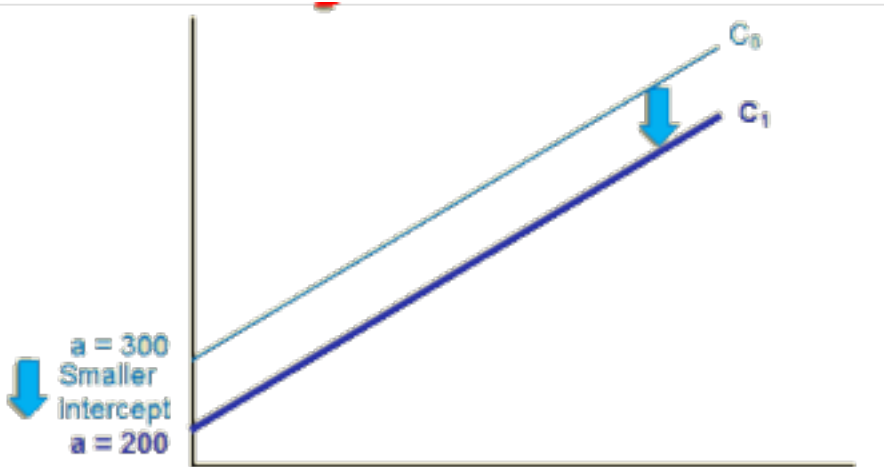
Home values drop







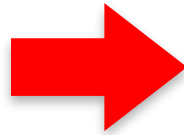
Consumers spend less and
save more of their income



Shifts in Consumption

1. Changes in wealth

Stock prices drop
Home values drop

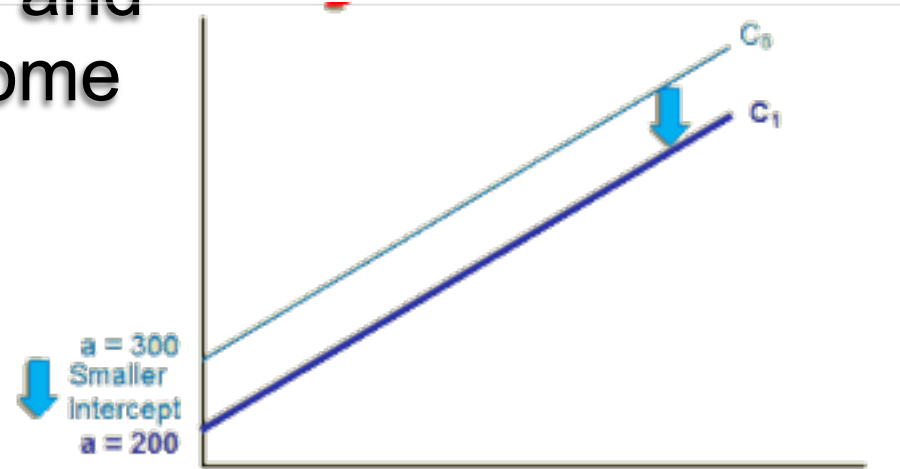


Wealth Decrease

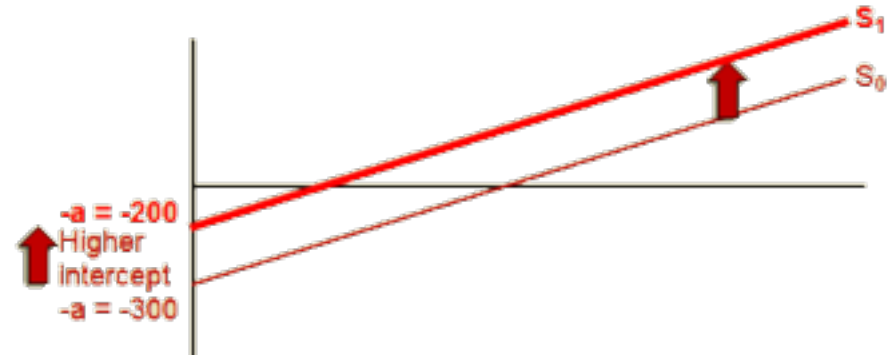


Consumers spend less and
save more of their income

➡ 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