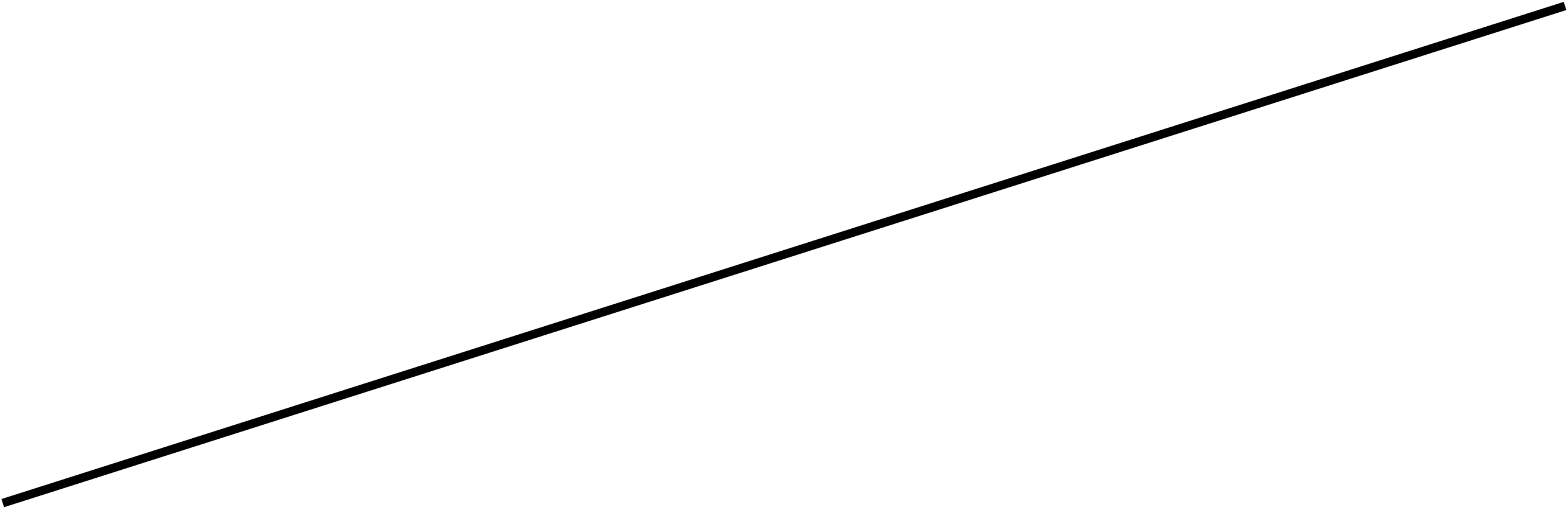
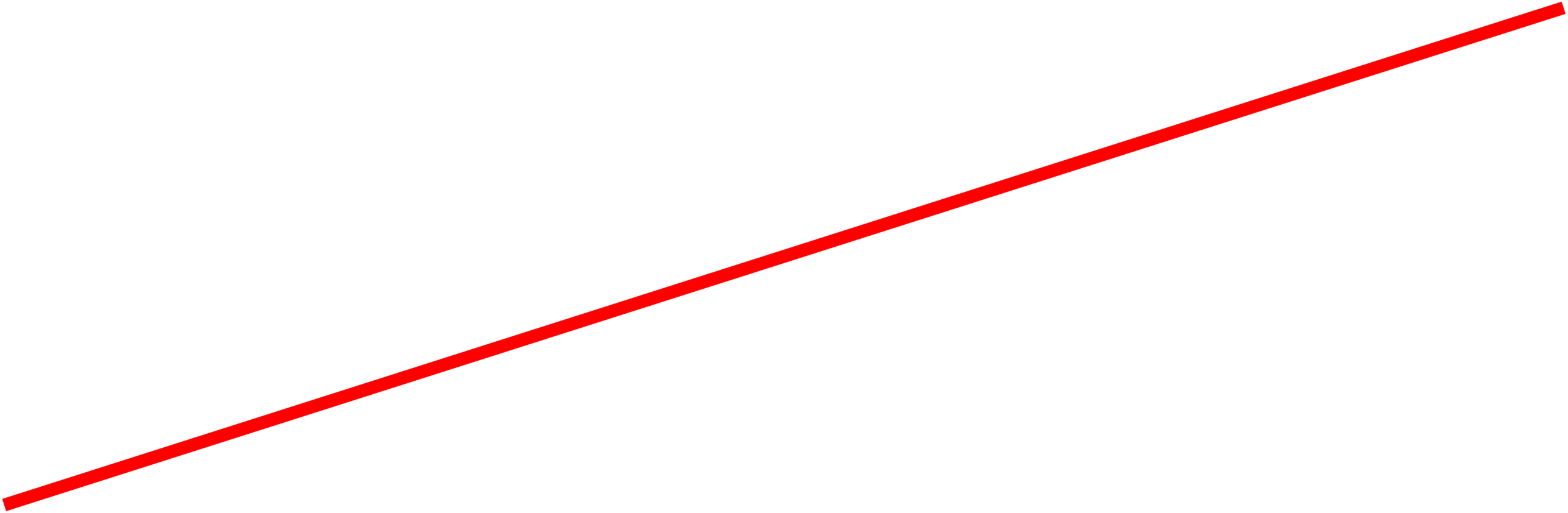
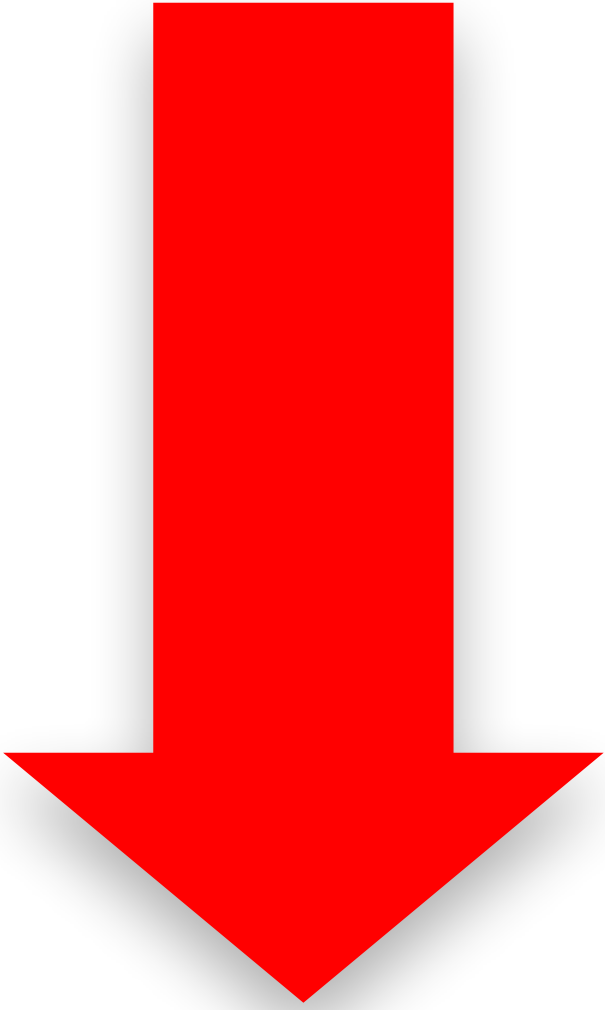
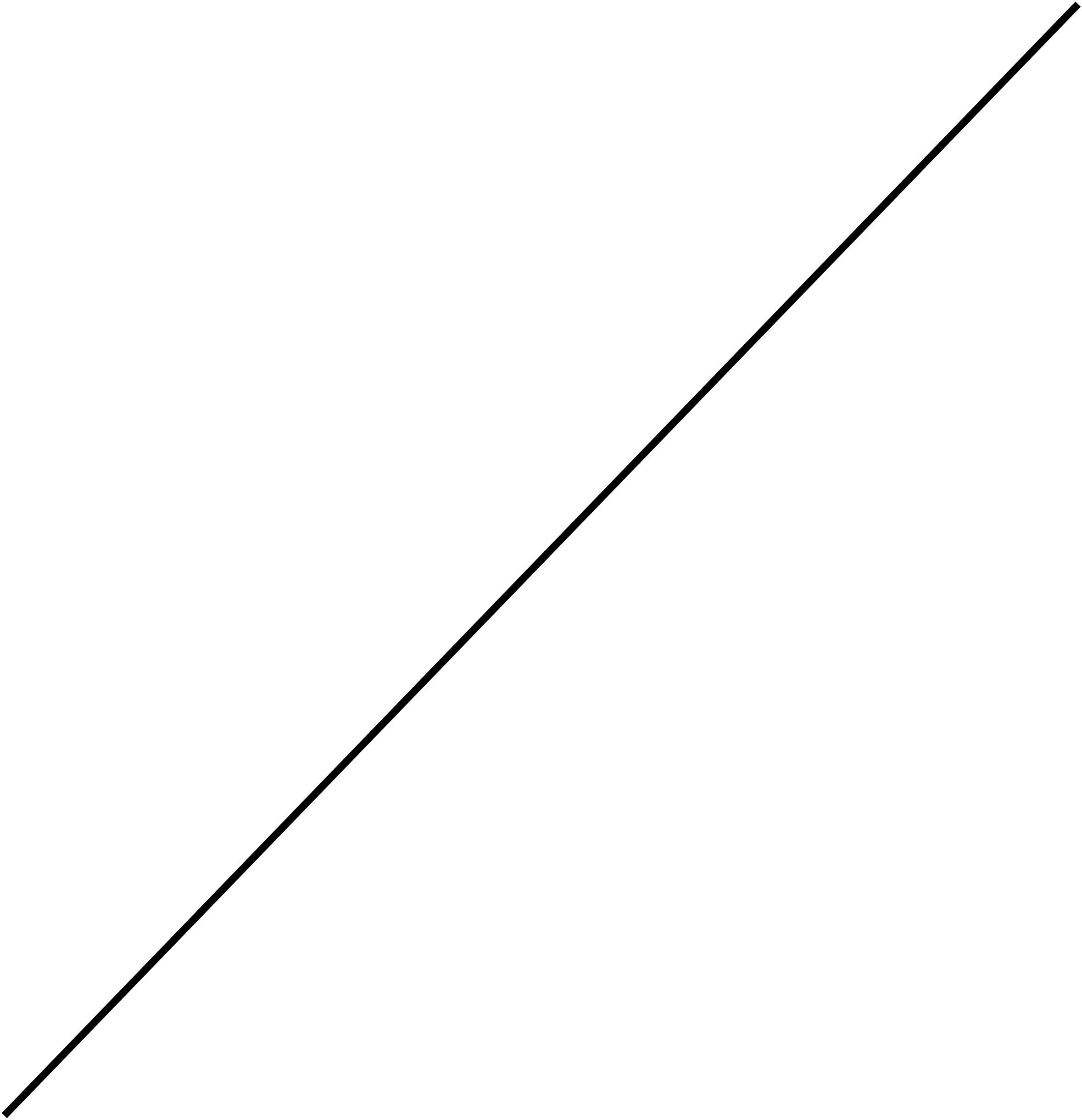
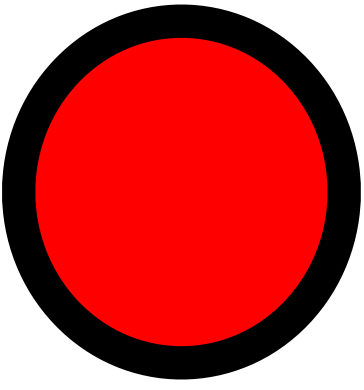


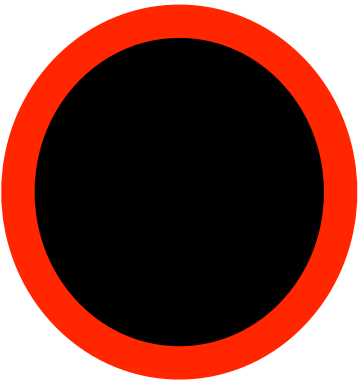
AE







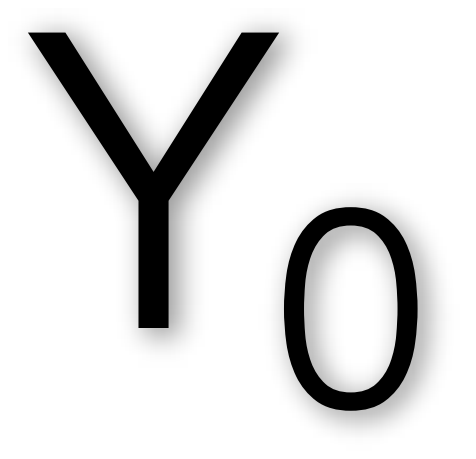




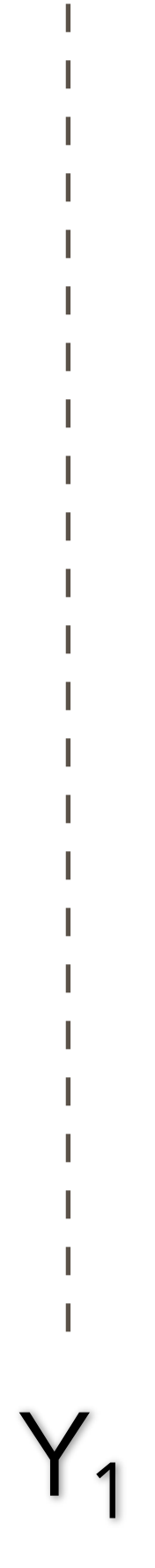
AE_0

GDP/Income

AE1


Y0

Aggregate
Demand for goods
and services
decrease


Y1

AE_1 - - -

AE_0

AE

line shifts down if

autonomous consumption

decrease: **Prices** rise, wealth

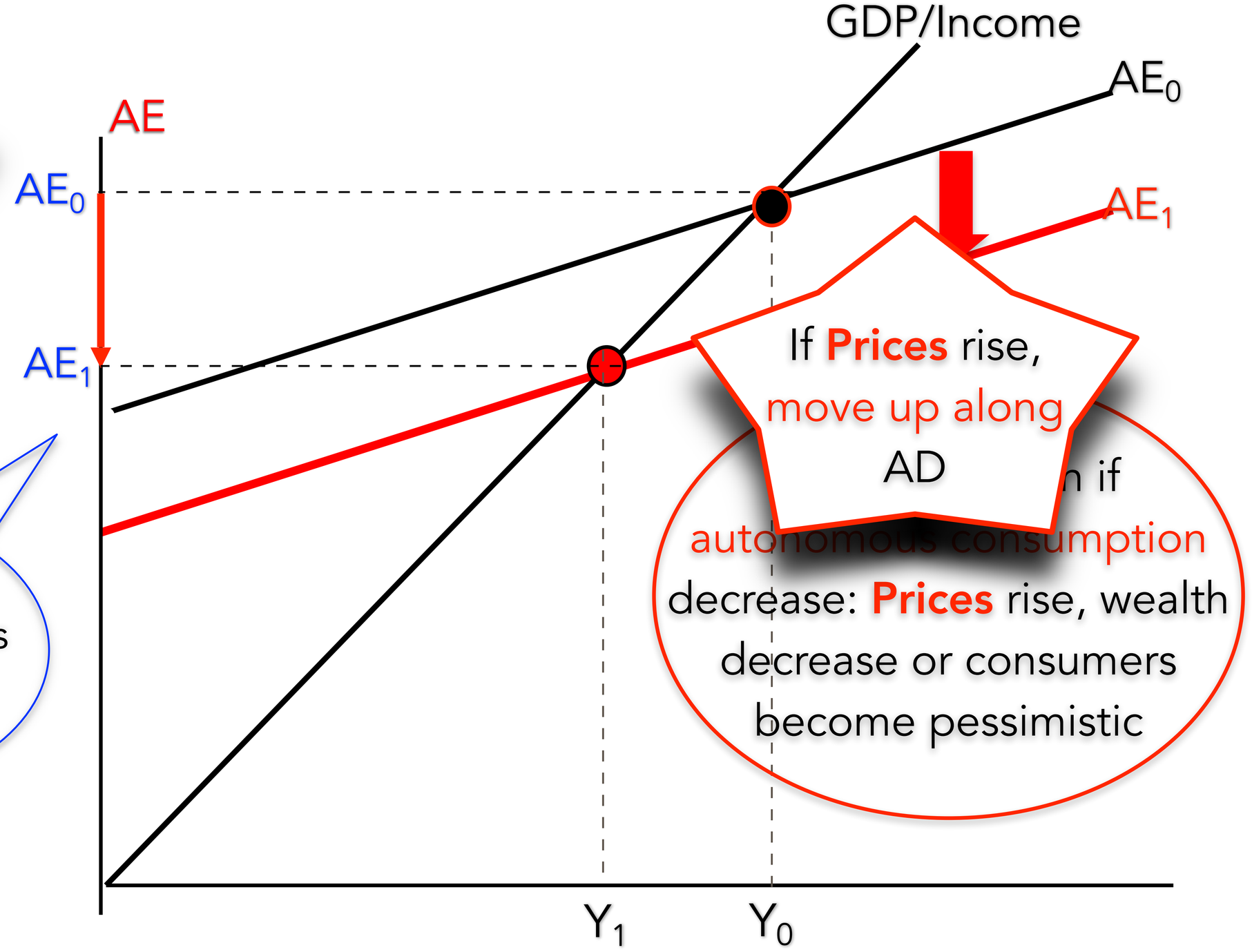
decrease or consumers

become pessimistic

If **Prices** remain the same: AD shifts left

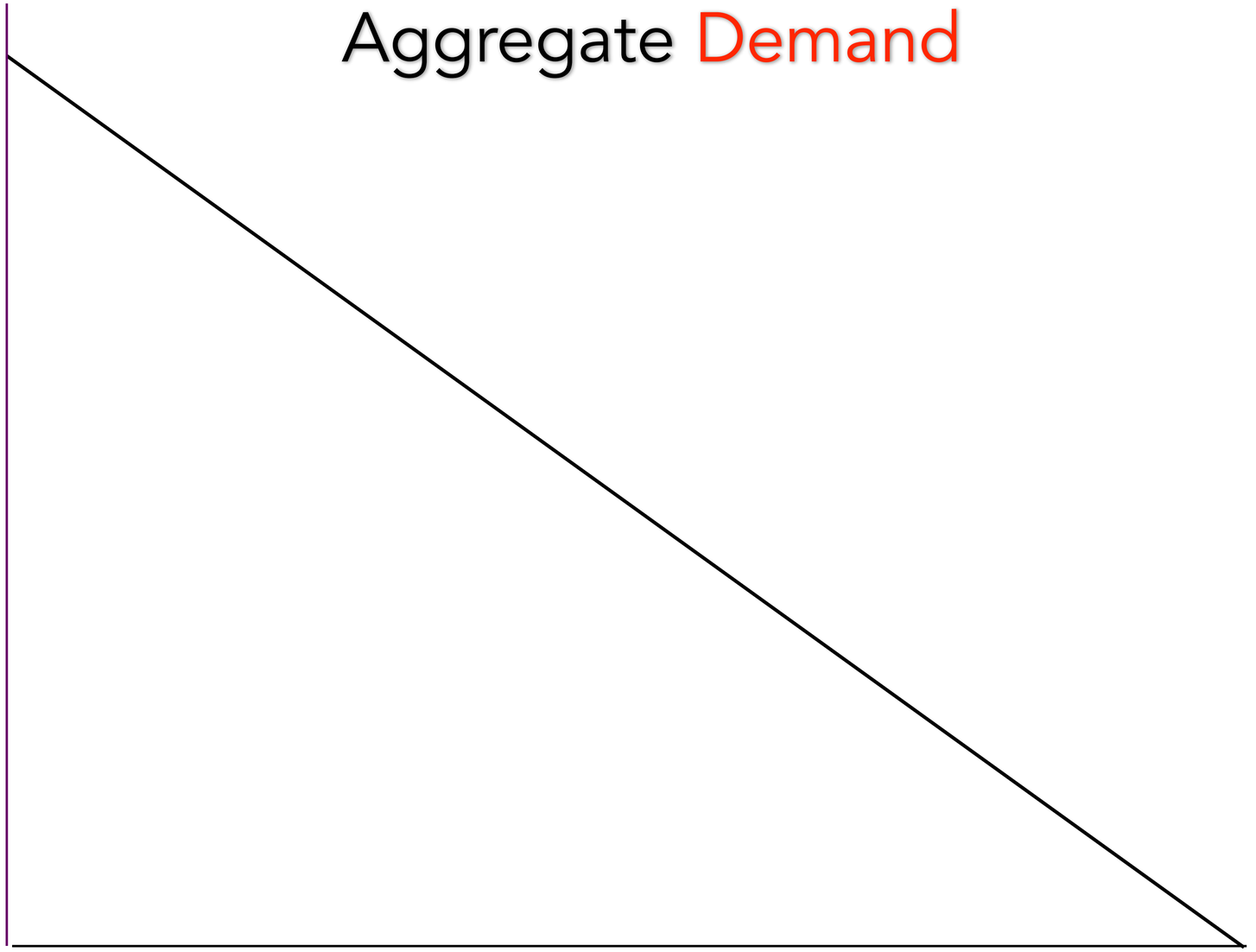
If **Prices** rise,
move up along
AD

If **Prices** remain the same: AD shifts left



Aggregate Demand for goods and services decrease

If **Prices** rise, move up along AD

autonomous consumption decrease: **Prices** rise, wealth decrease or consumers become pessimistic

Aggregate Demand