









AS

AD

120

1

3

0

140

**3000**



**3200**



3400

If the price level is 120

1. The quantity of goods supplied is equal to \_\_\_\_\_
2. The quantity of goods demanded is equal to \_\_\_\_\_
3. Inventories will \_\_\_\_\_ and firms will react to this change in inventories by \_\_\_\_\_ production and \_\_\_\_\_ prices.



**Produce 30000**

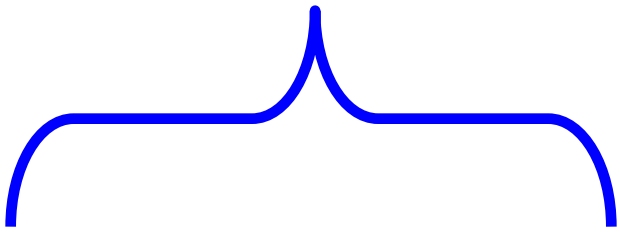
**Purchase 34000**





120





Inventory Decrease by 34000 - 30000

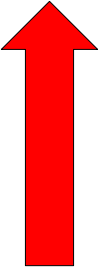
3000

3400

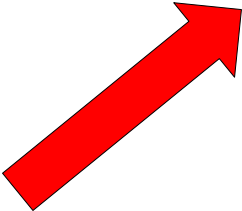
Decrease by 4000

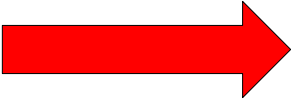
**Increasing**

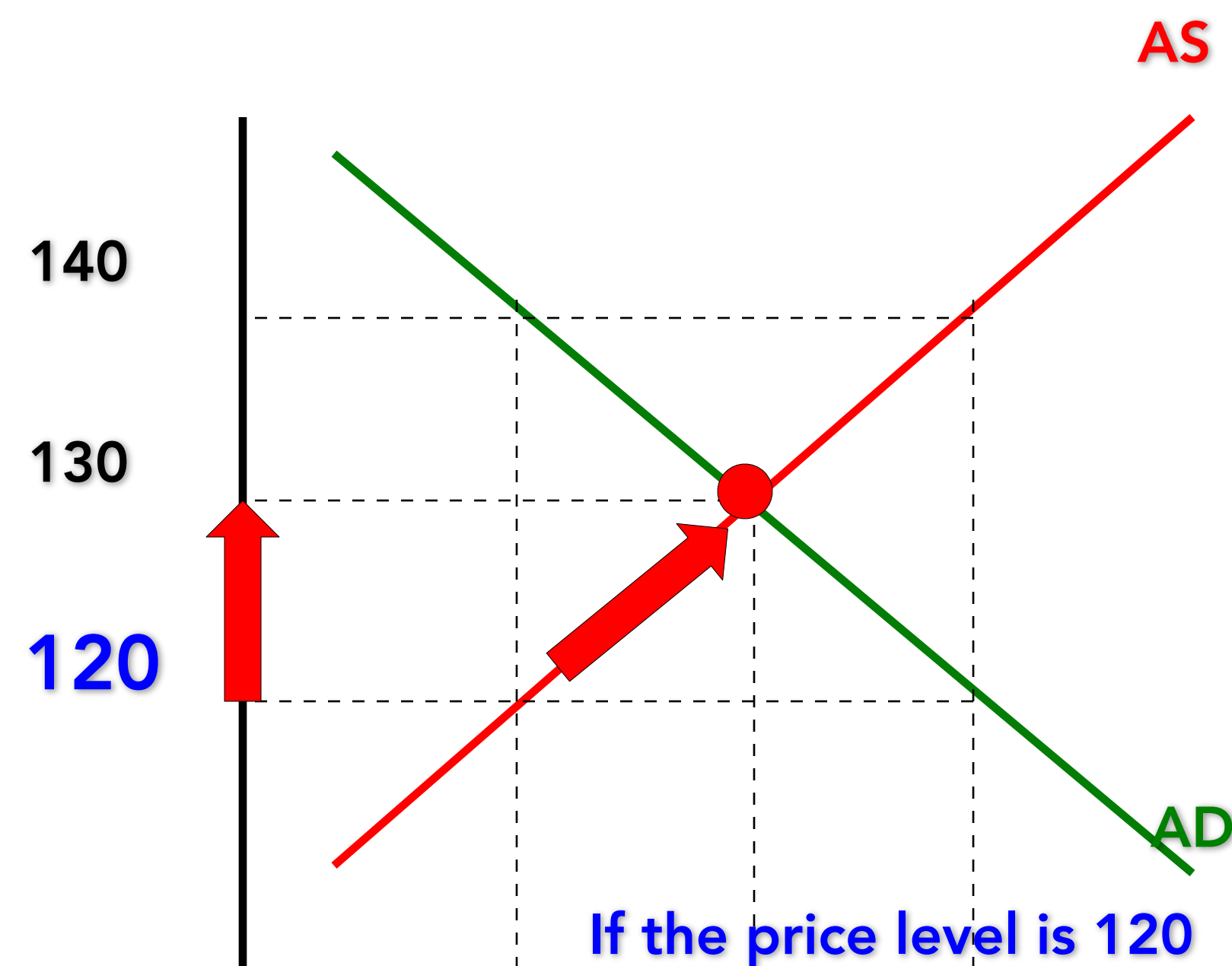
**increasing**











1. **Produce 3000** the quantity of goods supplied is equal to \_\_\_\_\_
2. The quantity of goods demanded is equal to \_\_\_\_\_
3. Inventories will \_\_\_\_\_ and **3000** will react to this change in inventories by \_\_\_\_\_ production **3400** and \_\_\_\_\_ prices.  

**Decrease by 400**
**Increasing**
**increasing**

