



Po

—

—

—

—

—

—

—

—

—

—

—

.....

GDP<sub>0</sub>

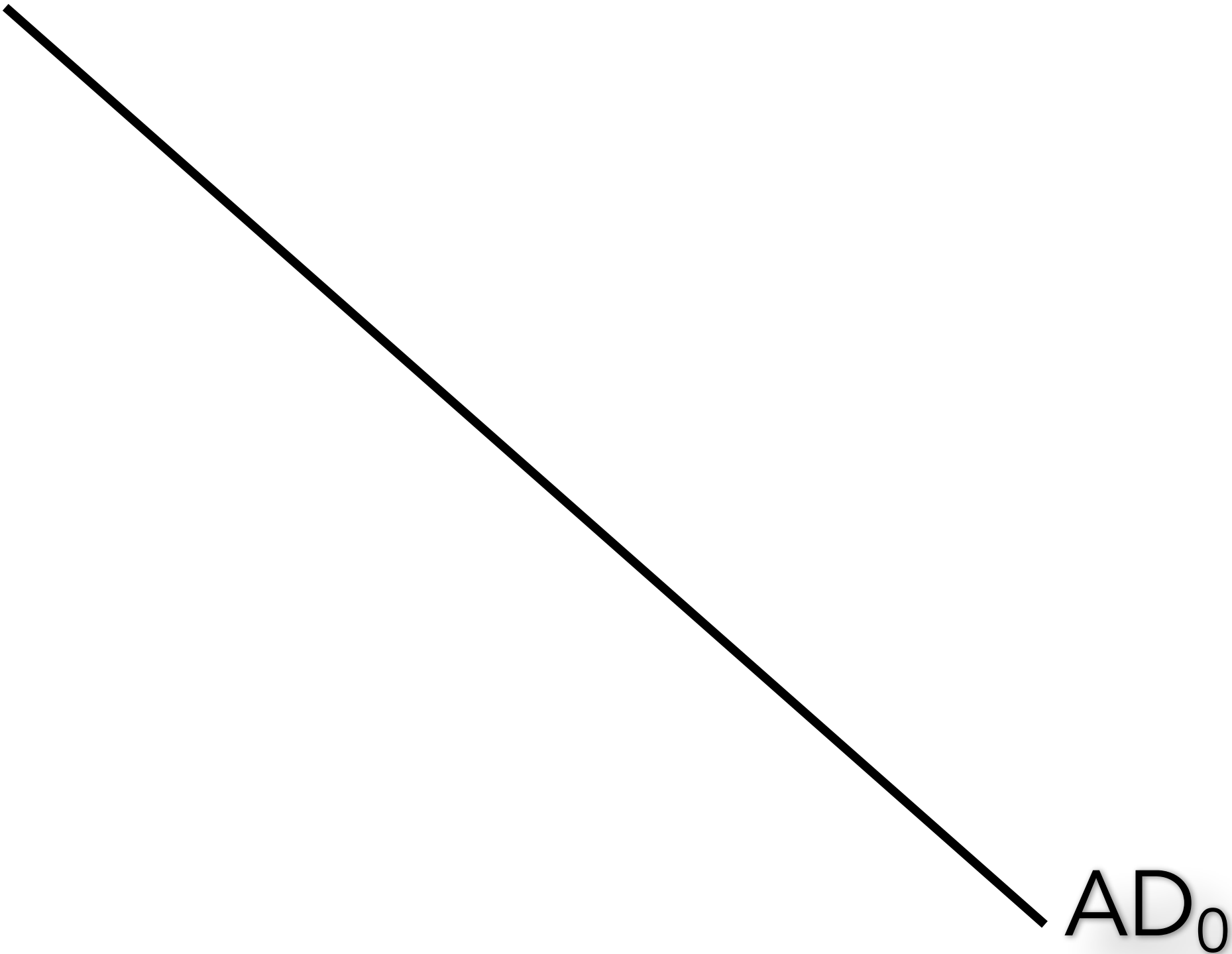
$P_1 =$

-----



$AS_0$

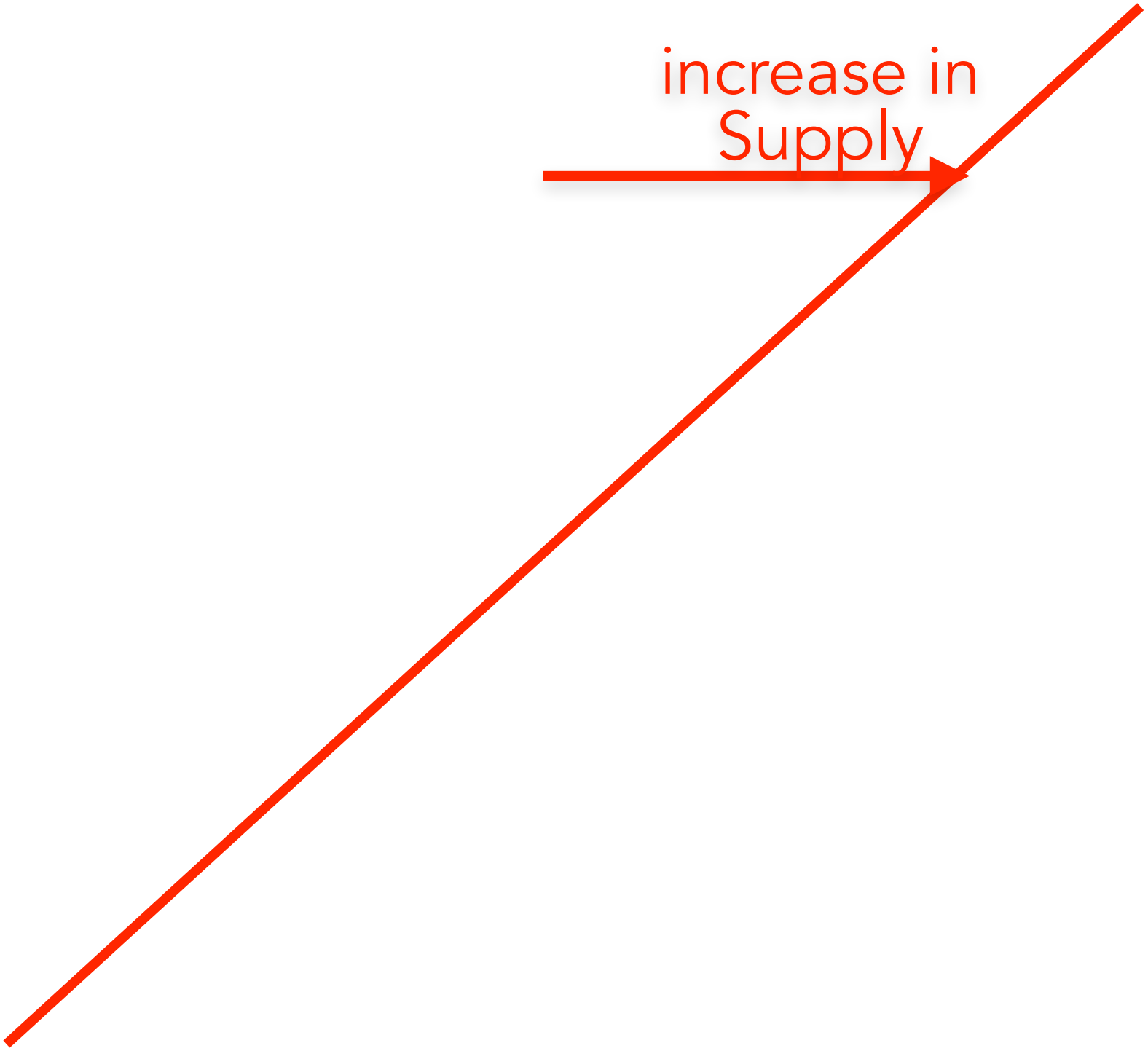
A thick black diagonal line originates from the bottom-left corner of the image and extends towards the top-right, terminating near the label  $AS_0$ . The line is solid and has a consistent thickness throughout.







increase in  
Supply



AS<sub>1</sub>



.....

GDP<sub>1</sub>

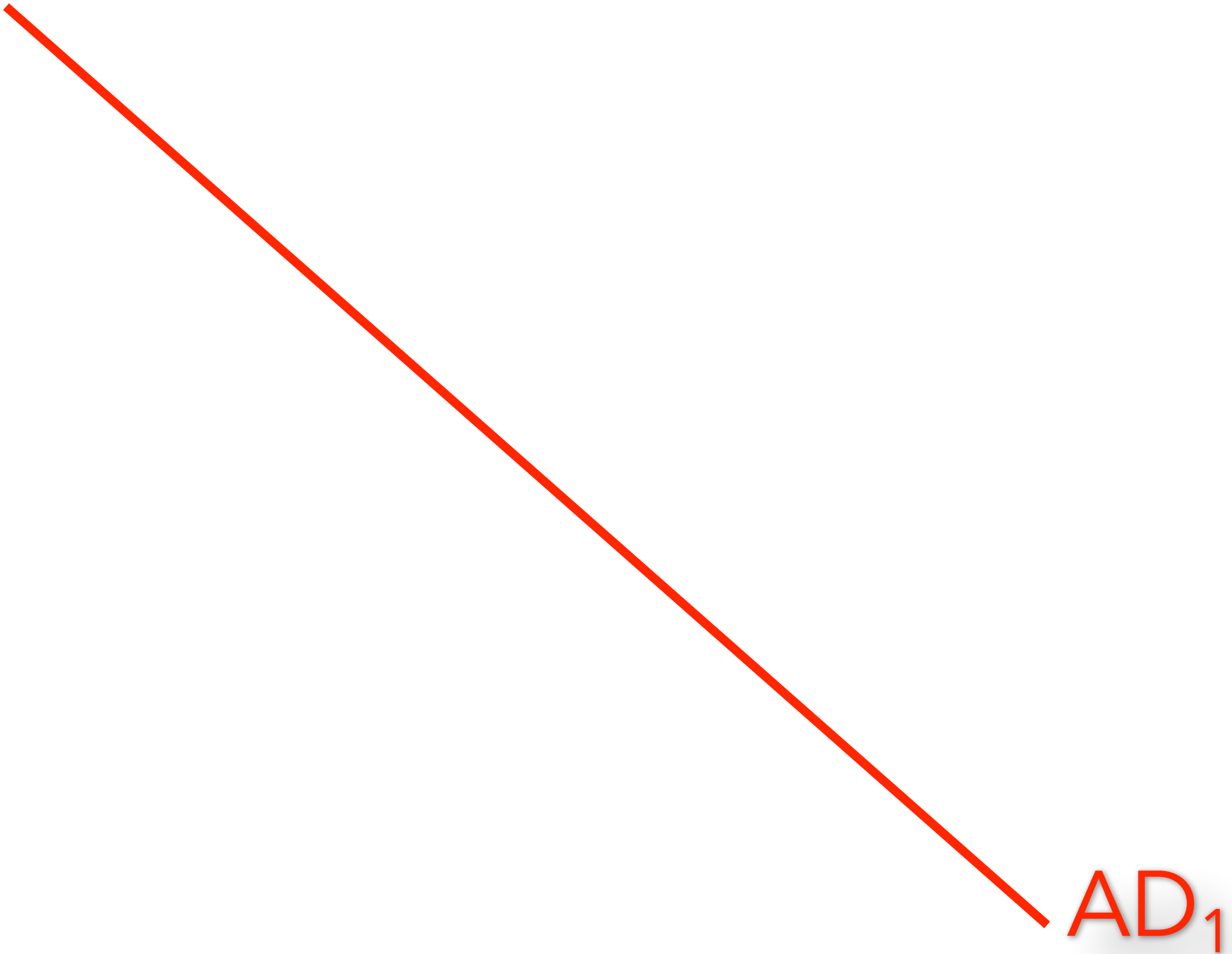
Price Level  
(CPI)



The Effect of an Increase in **both** Supply and Demand

Increase in  
Demand







Same

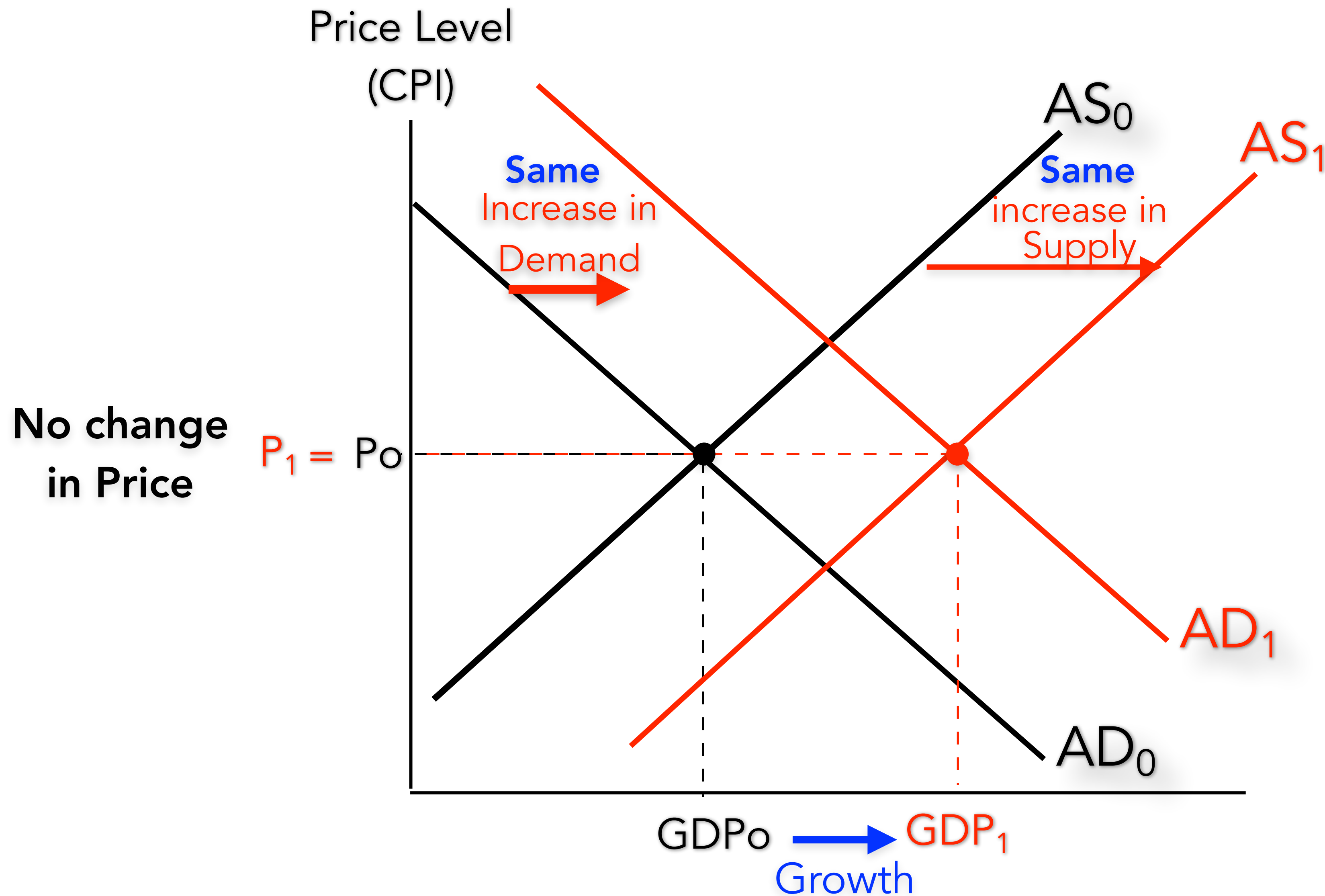
Same



Growth

**No change  
in Price**

# The Effect of an Increase in **both** Supply and Demand



# The Effect of an **Decrease** in Demand and an **Increase** in Supply

