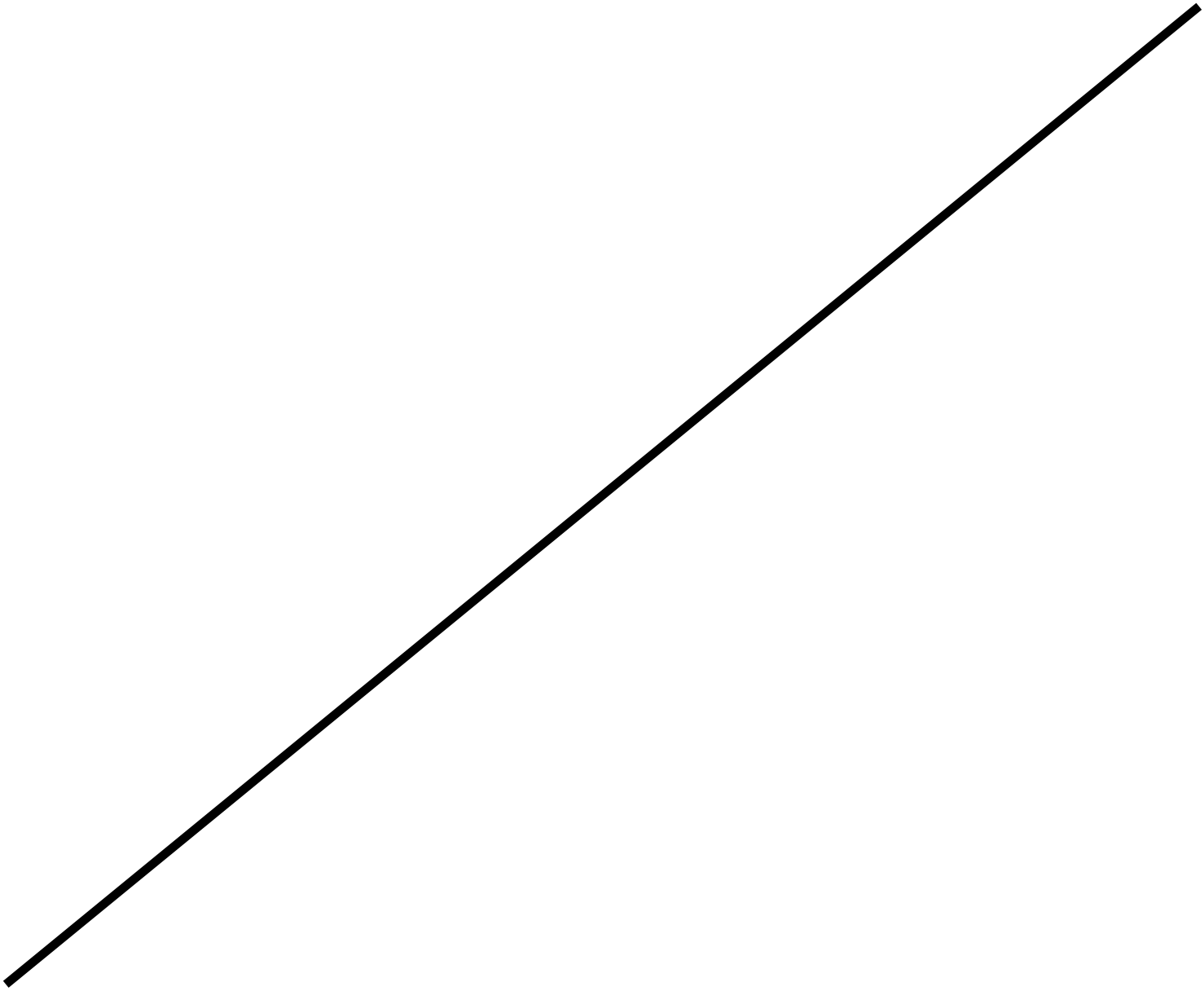




Short Run Aggregate Supply Slopes Upward







**Price Level**

Real GDP Produced in the short run

SRRAS(Wages fixed)













**Production increase**

**ASO**

**AS<sub>1</sub>**

P

O



P

1





Movement  
Along



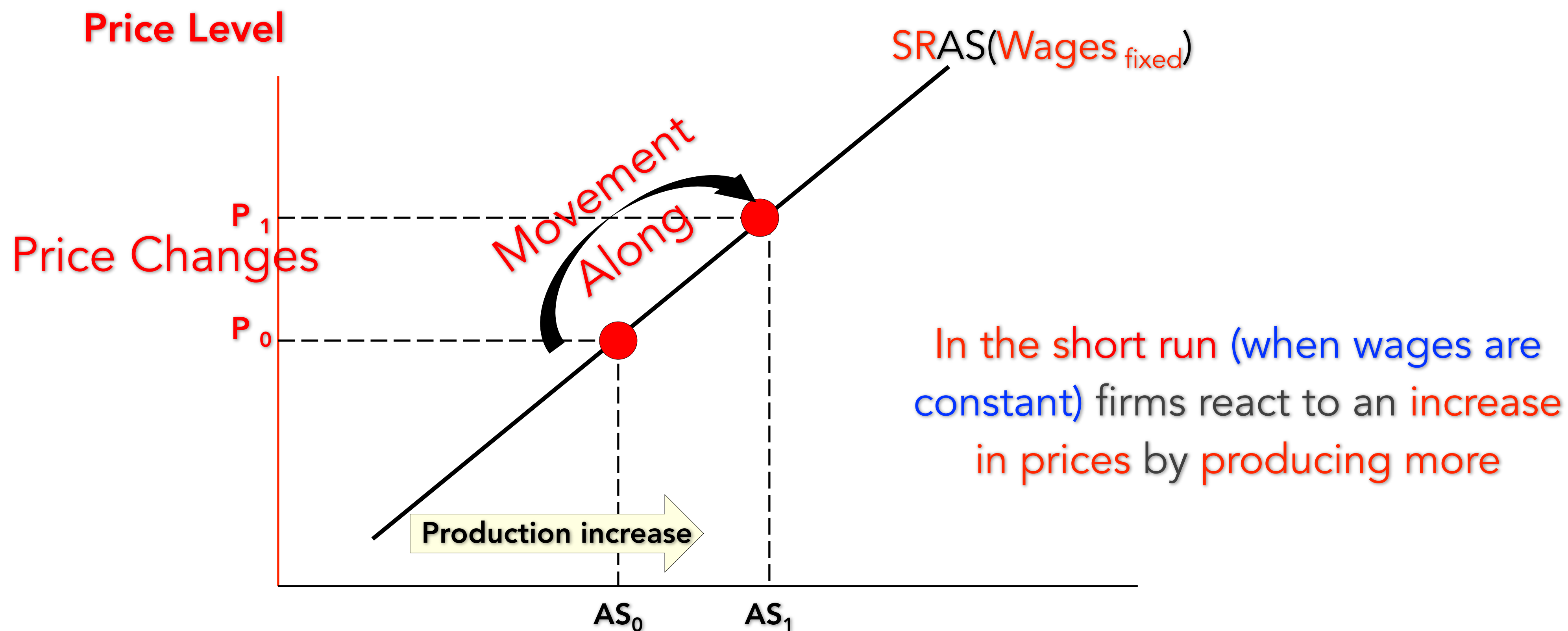
Price Changes

Aggregate Supply in the Short Run (Wages <sub>fixed</sub>)

In the short run (when wages are constant) firms react to an increase in prices by producing more

# Short Run Aggregate Supply Slopes Upward

Aggregate Supply in the Short Run (Wages<sub>fixed</sub>)





# Factors that shift Aggregate Supply

