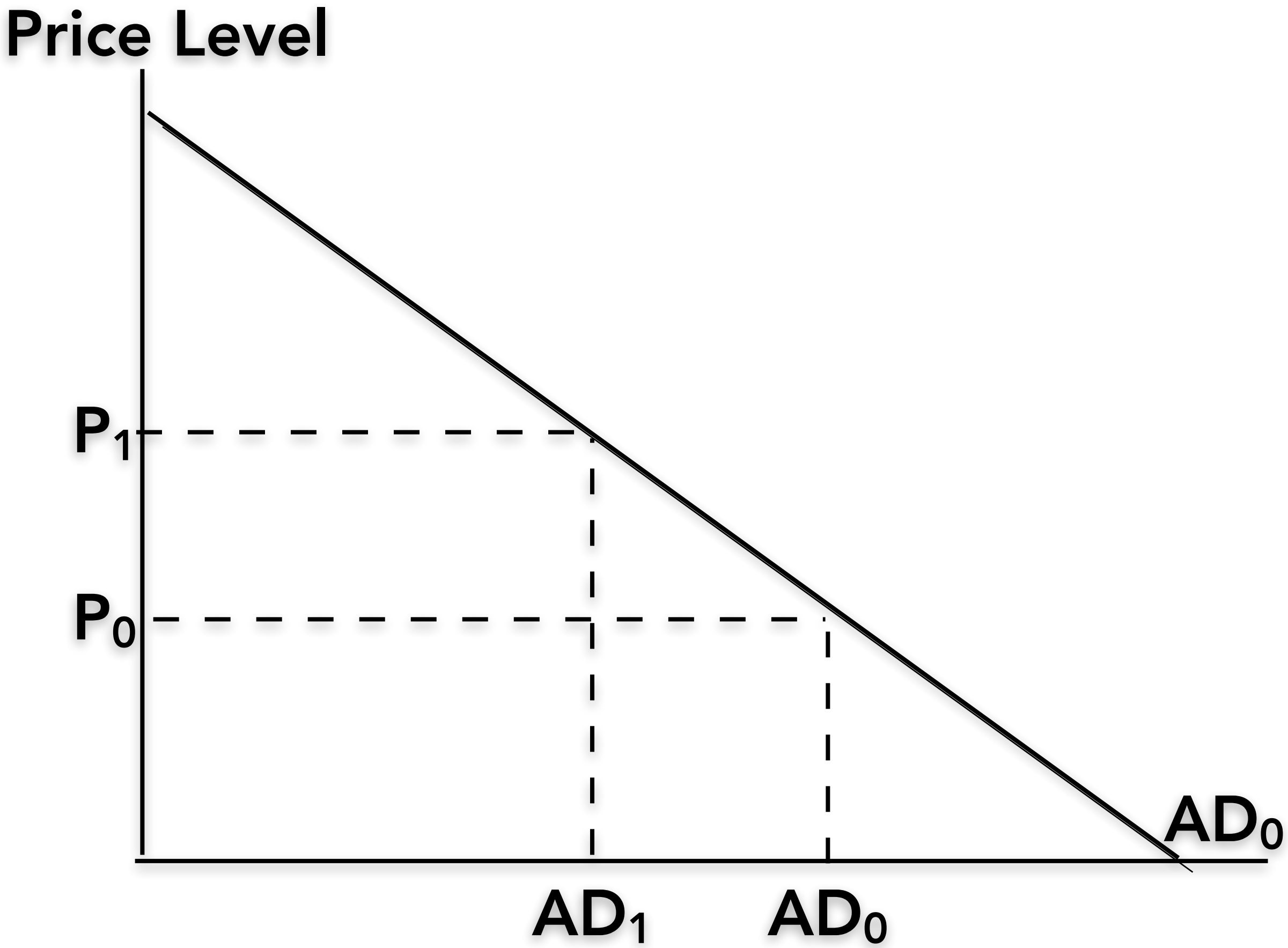
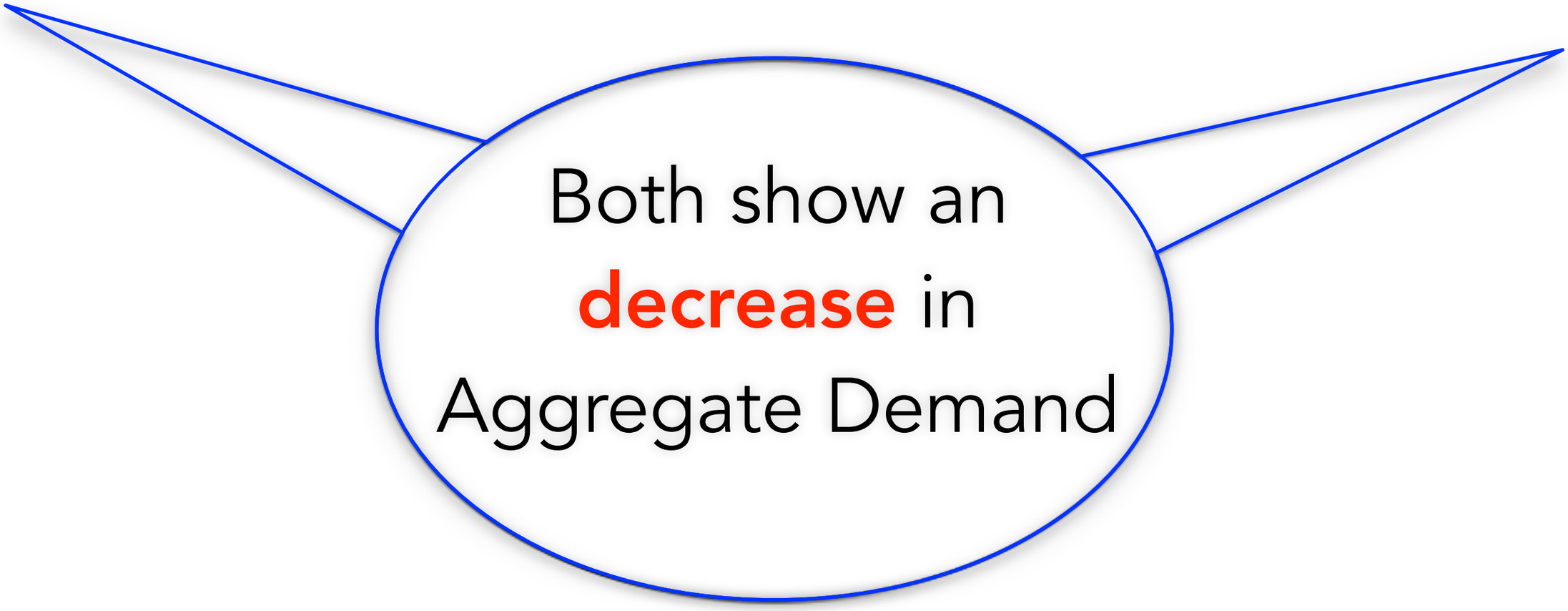
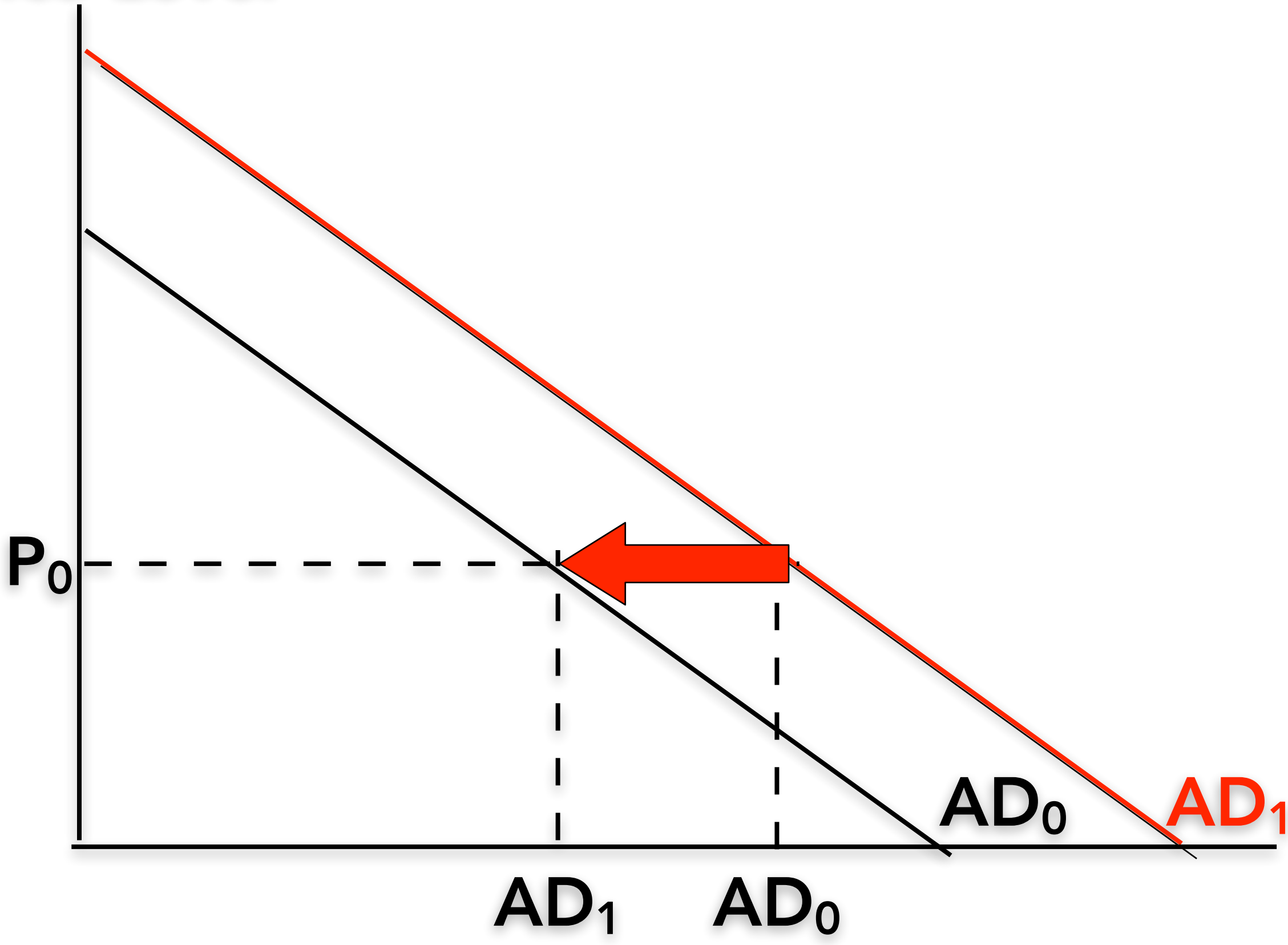

Price Level
P1
P0
AD0
AD1
AD0


Both show an
decrease in
Aggregate Demand

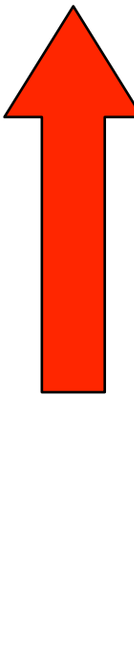
This movement along is caused by an **increase** in Prices

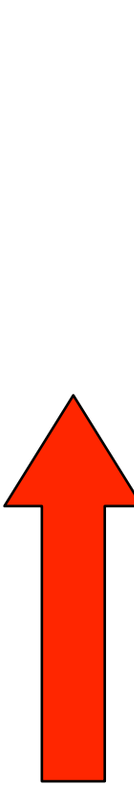
This shift is caused by a decrease in wealth, pessimistic consumers, a fall in Tr, I, G, NX or an increase in Tx

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

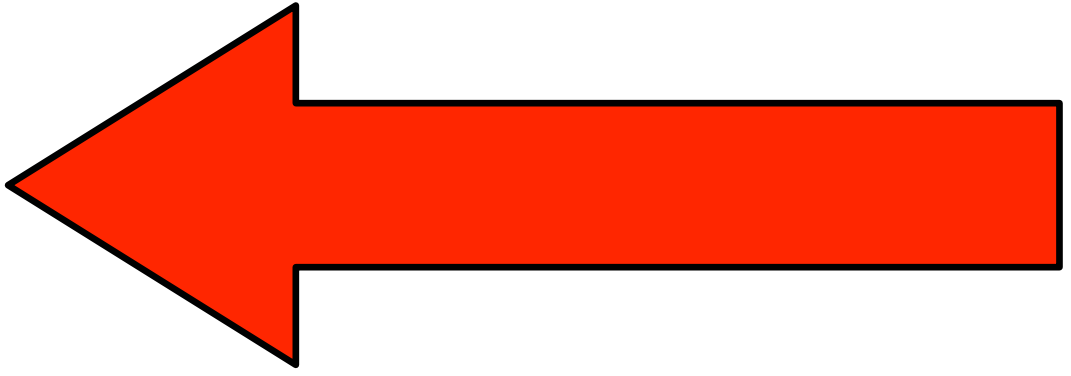

Price Level
P_0
AD_0
AD_1
AD_1
AD_0

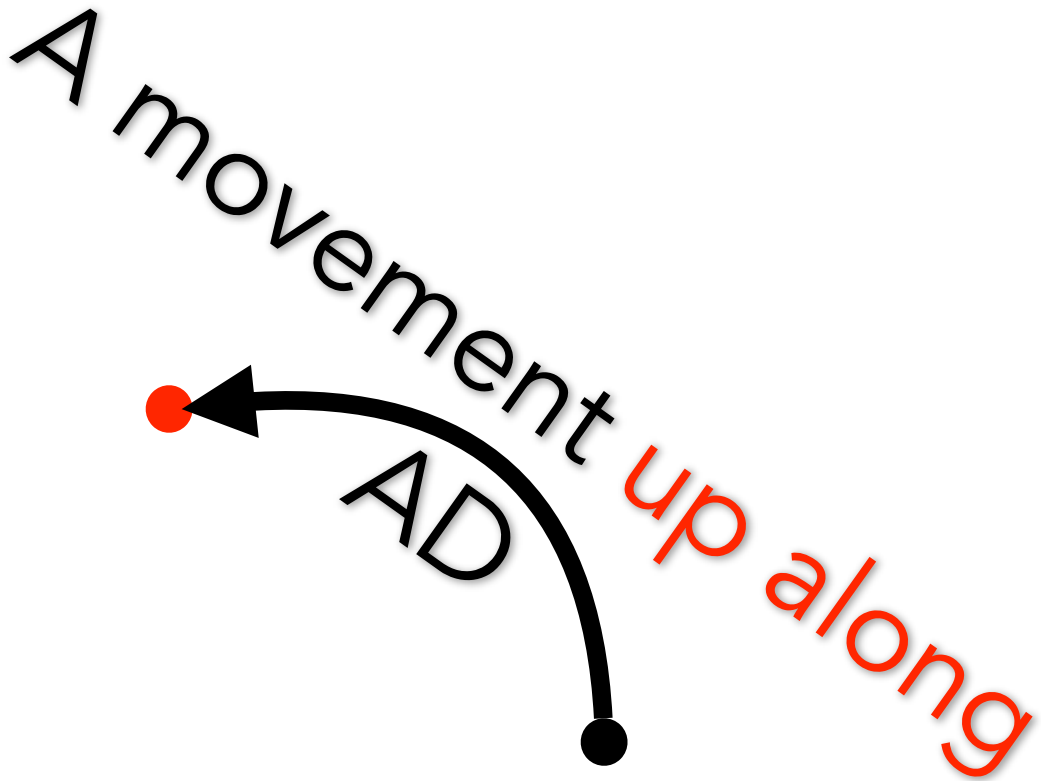
P_0

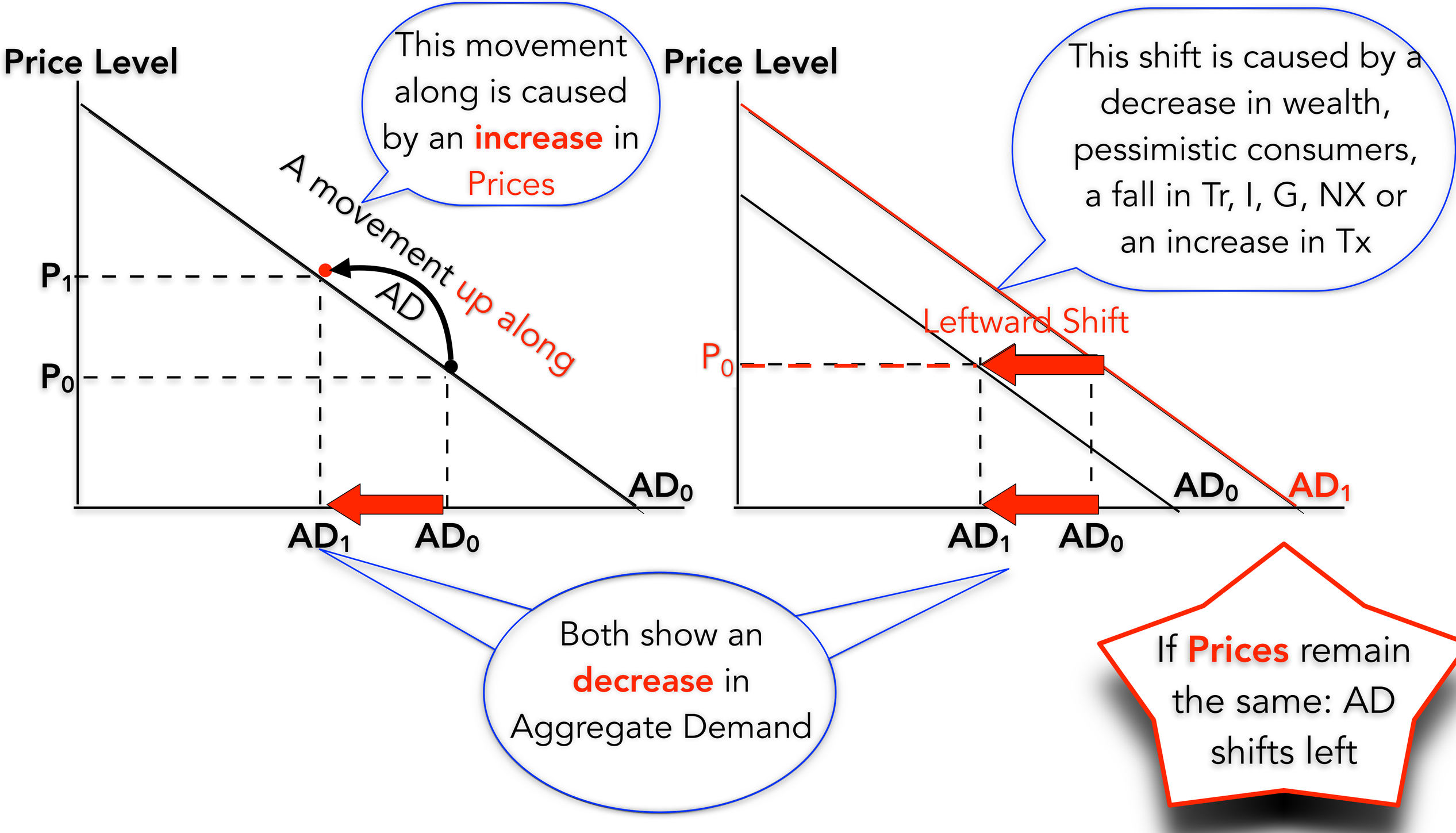


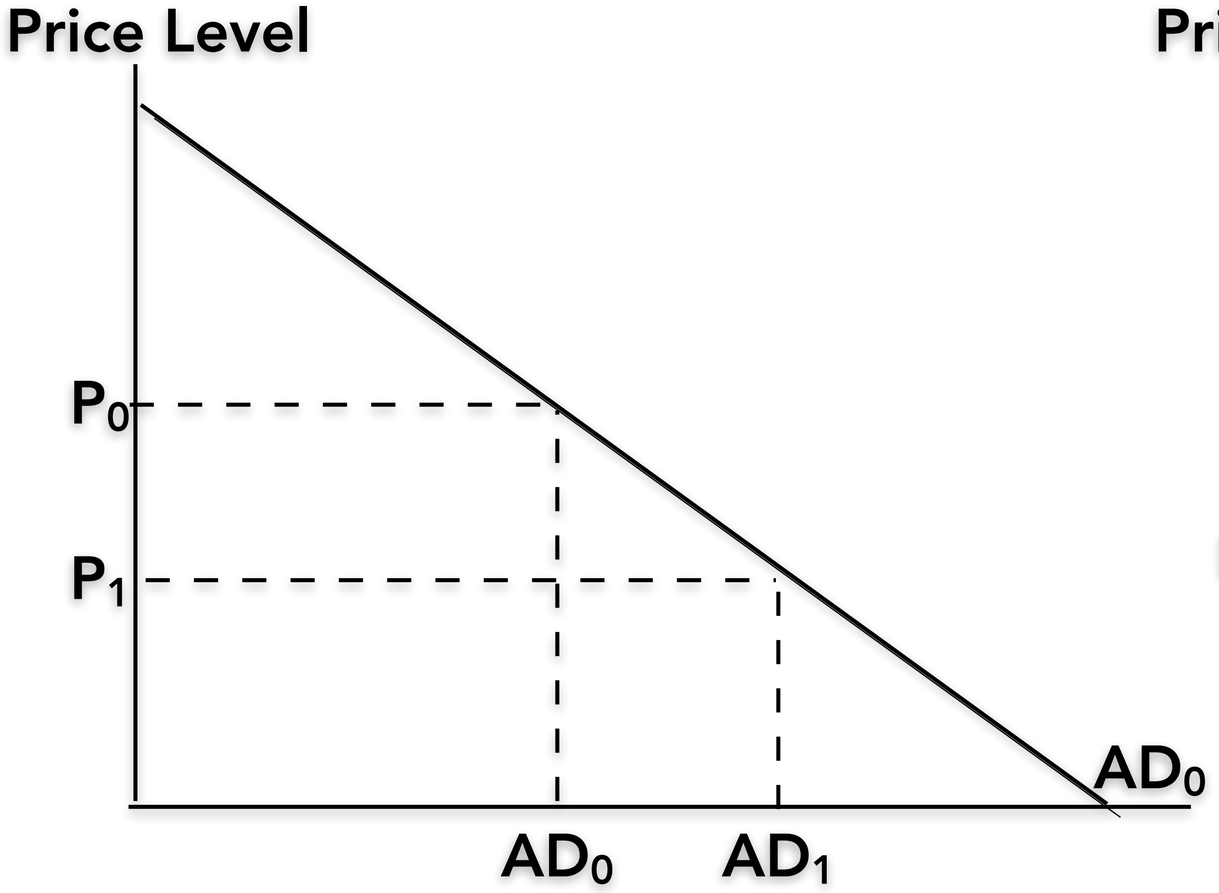


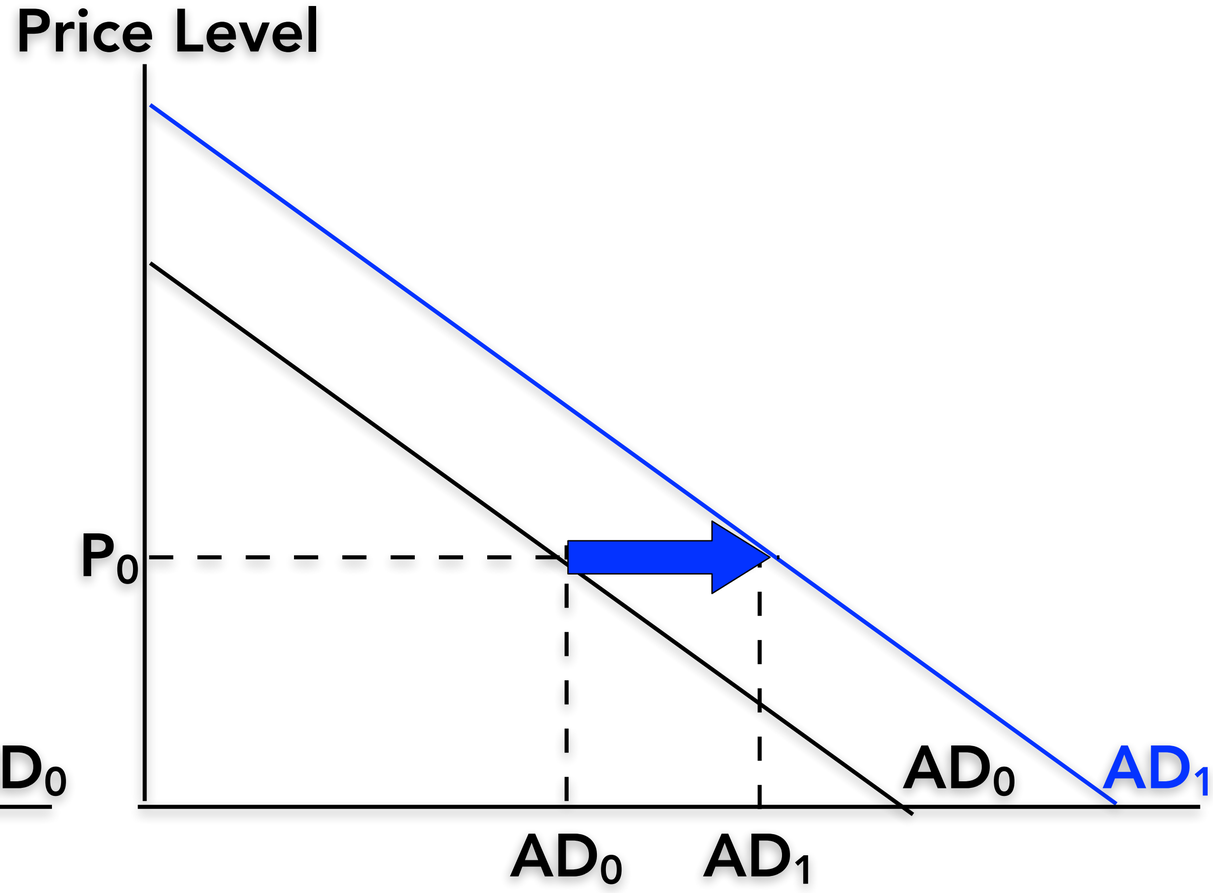
Leftward Shift




A movement up along
AD


Price Level
This movement along is caused by an increase in Prices
A movement up along AD
P1
P0
AD0
AD1
AD0
Price Level
This shift is caused by a decrease in wealth, pessimistic consumers, a fall in Tr, I, G, NX or an increase in Tx
Leftward Shift
P0
AD0
AD1
AD1
AD0
Both show an decrease in Aggregate Demand
If Prices remain the same: AD shifts left


Price Level
P0
P1
AD0
AD0
AD1


Price Level
P0
AD0
AD1
AD0
AD1