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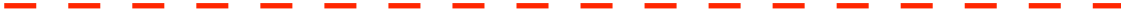
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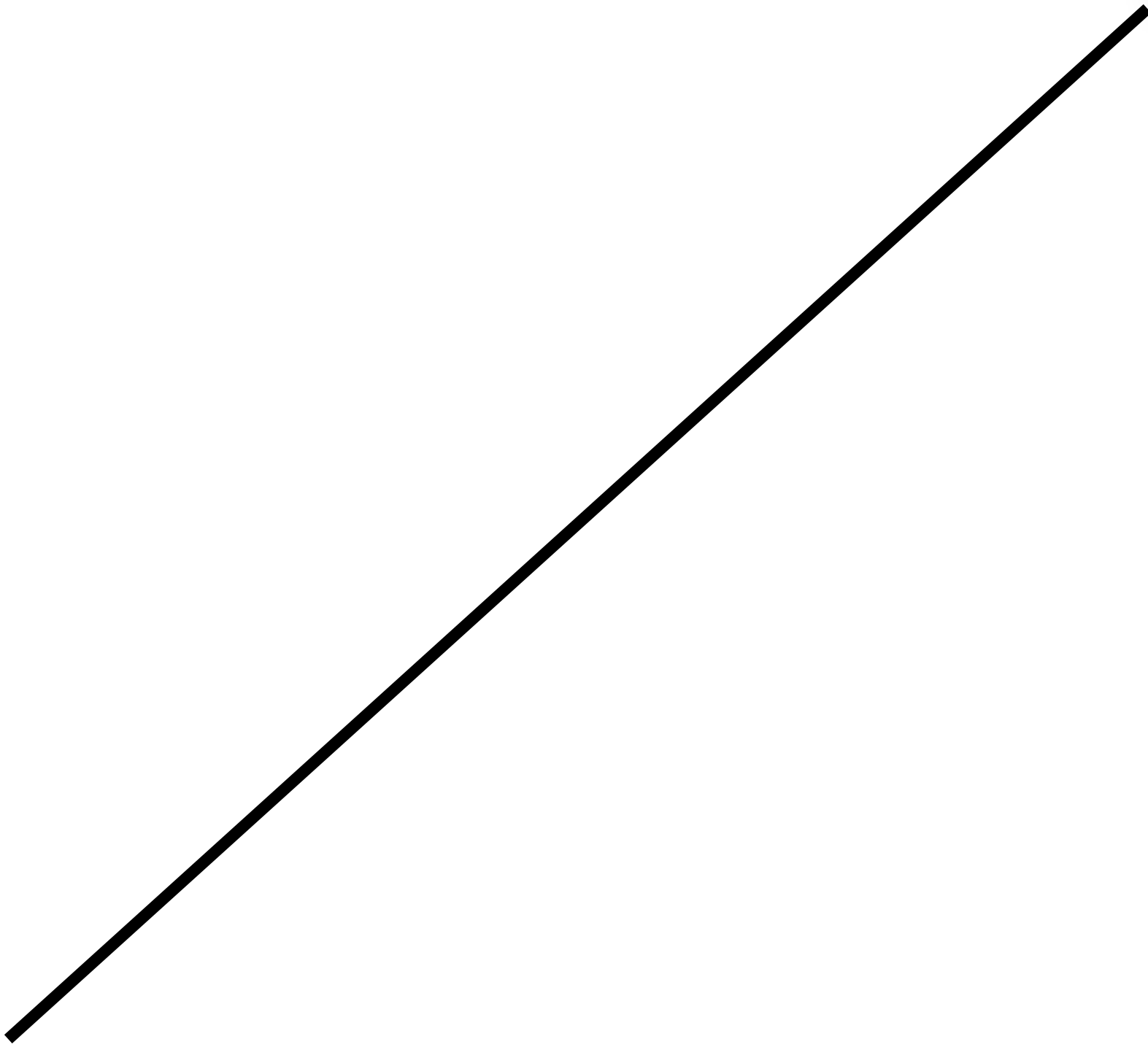
GDP<sub>o</sub>

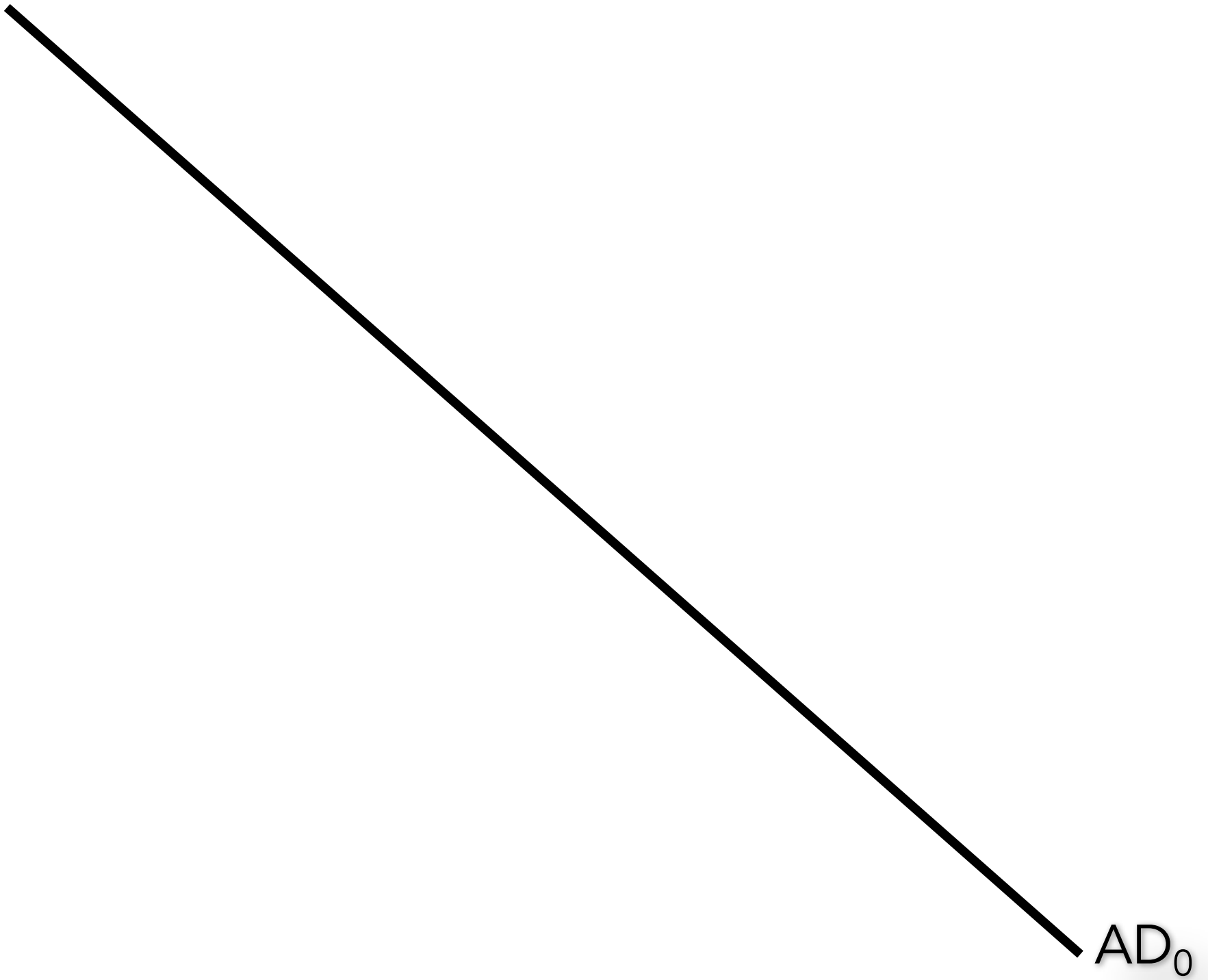
$P_1$





$AS_0$

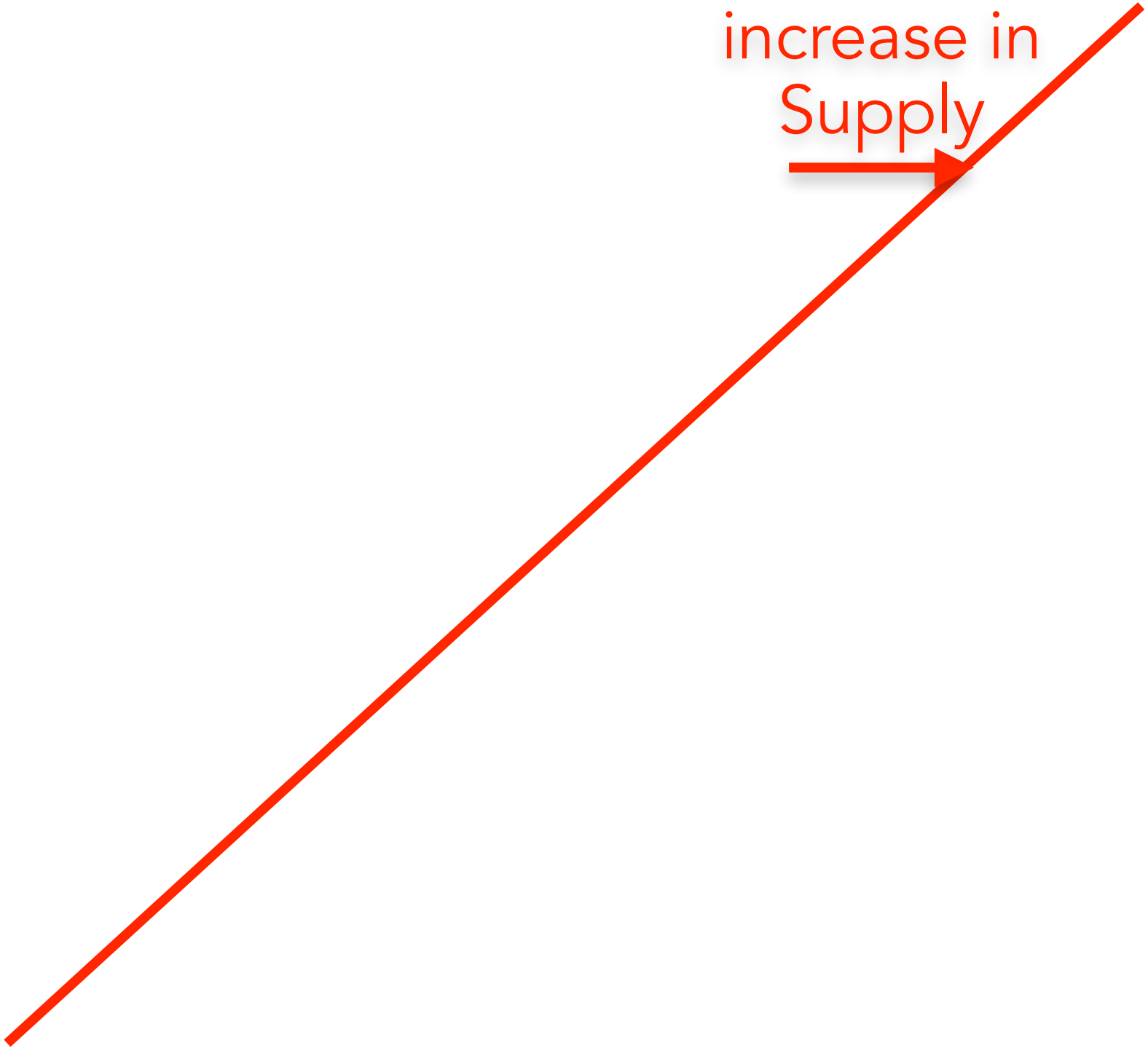








increase in  
Supply



AS<sub>1</sub>



GDP<sub>1</sub>

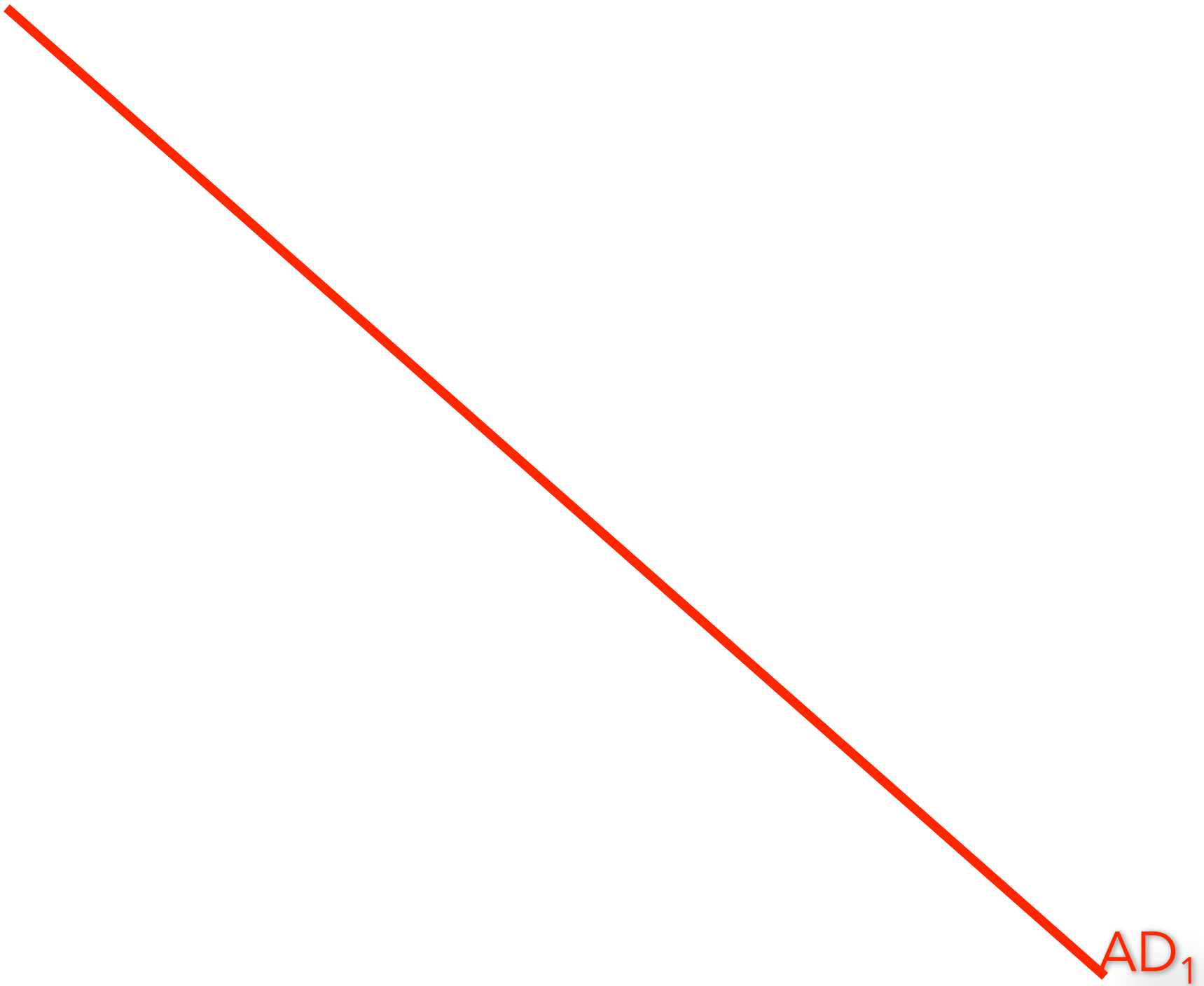
Price Level  
(CPI)



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

Increase in  
Demand







Larger

**Smaller**

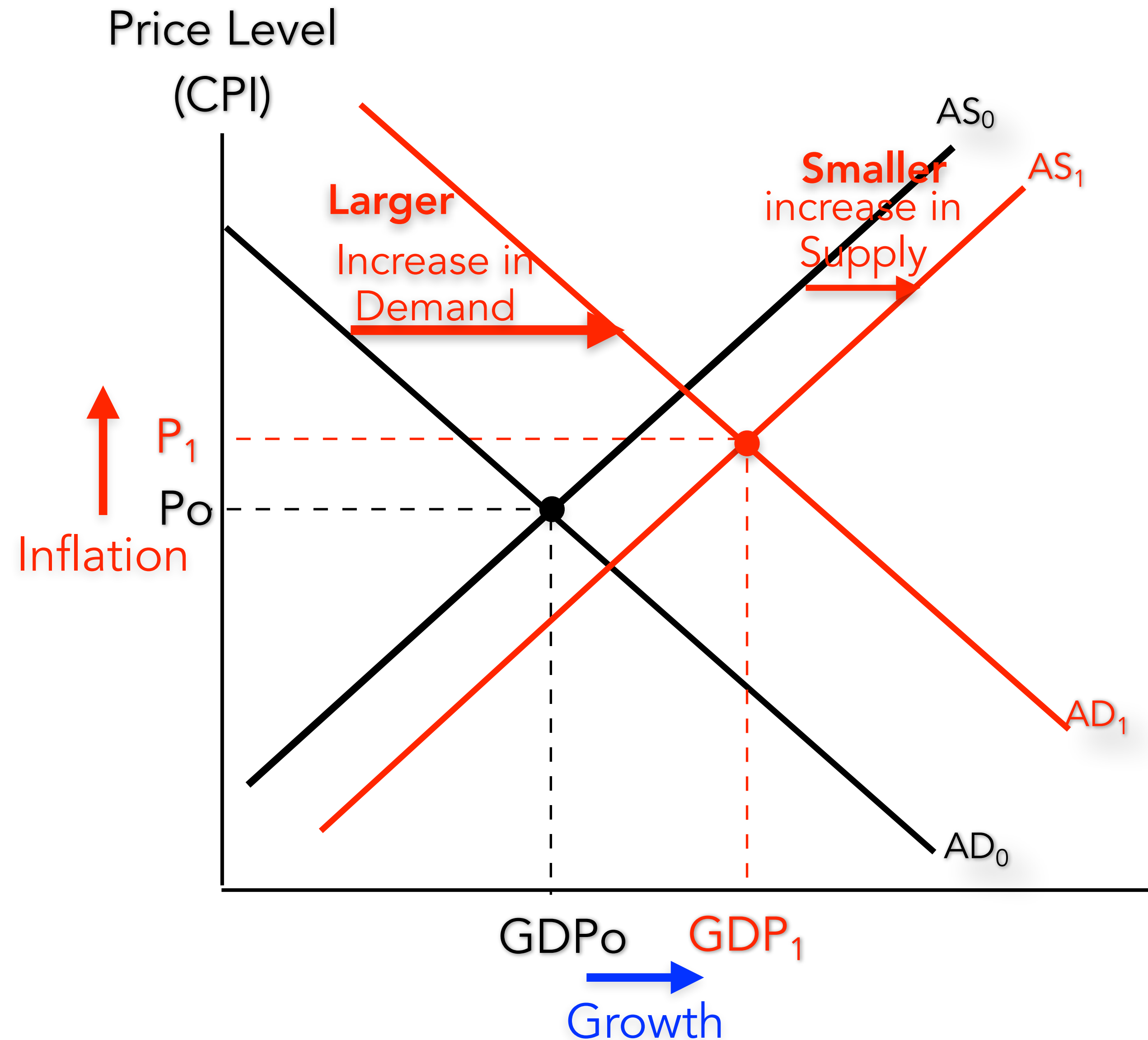


Growth



Inflation

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



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

