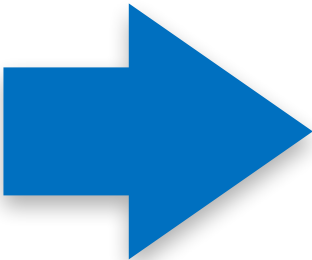
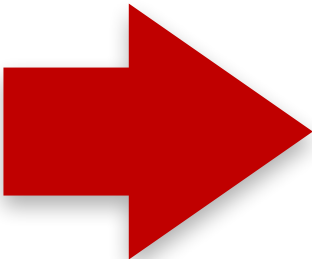


Shifts in Consumption



A downward shift in the Consumption

Line: a smaller intercept

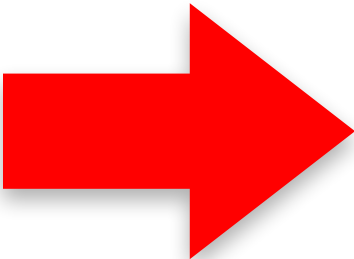


An upward shift in the Savings Line:
a larger intercept

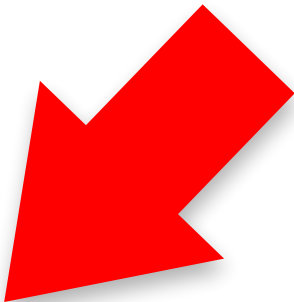
1. Changes in wealth

Stock prices drop

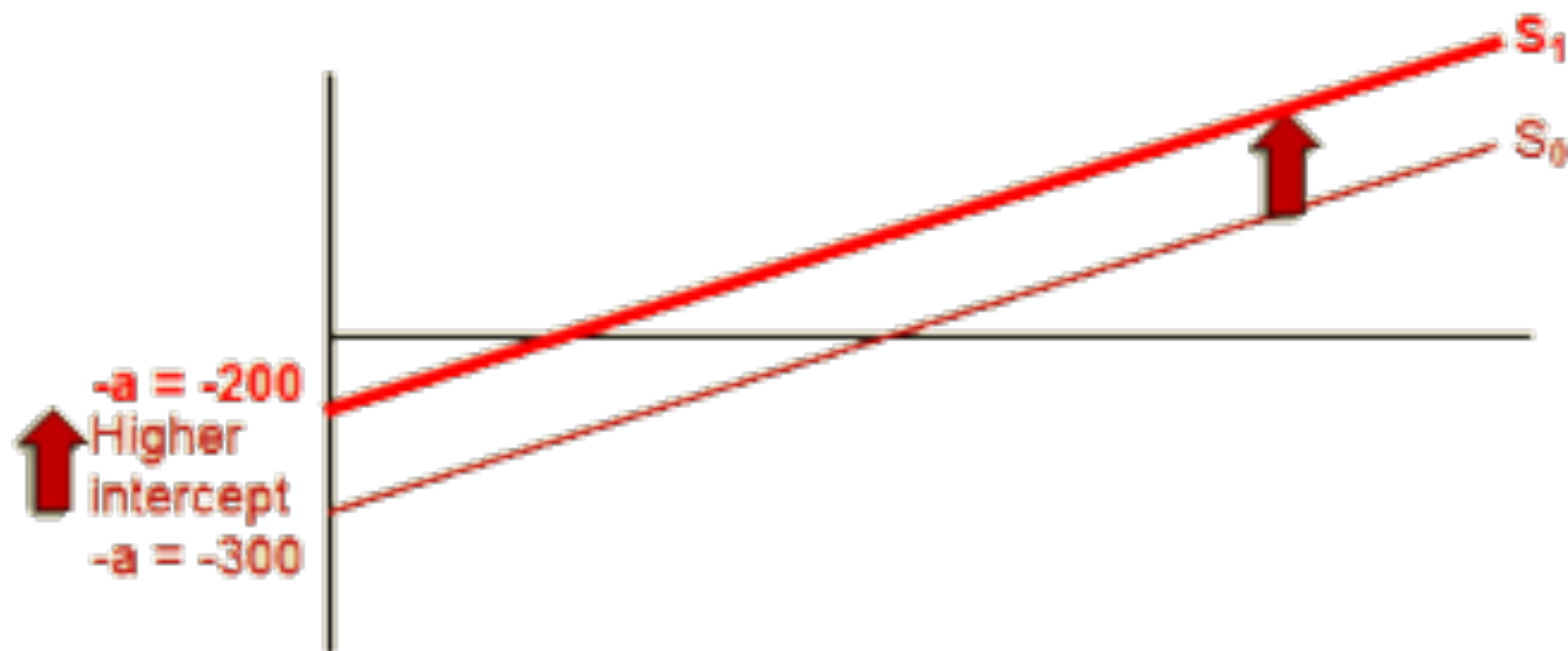
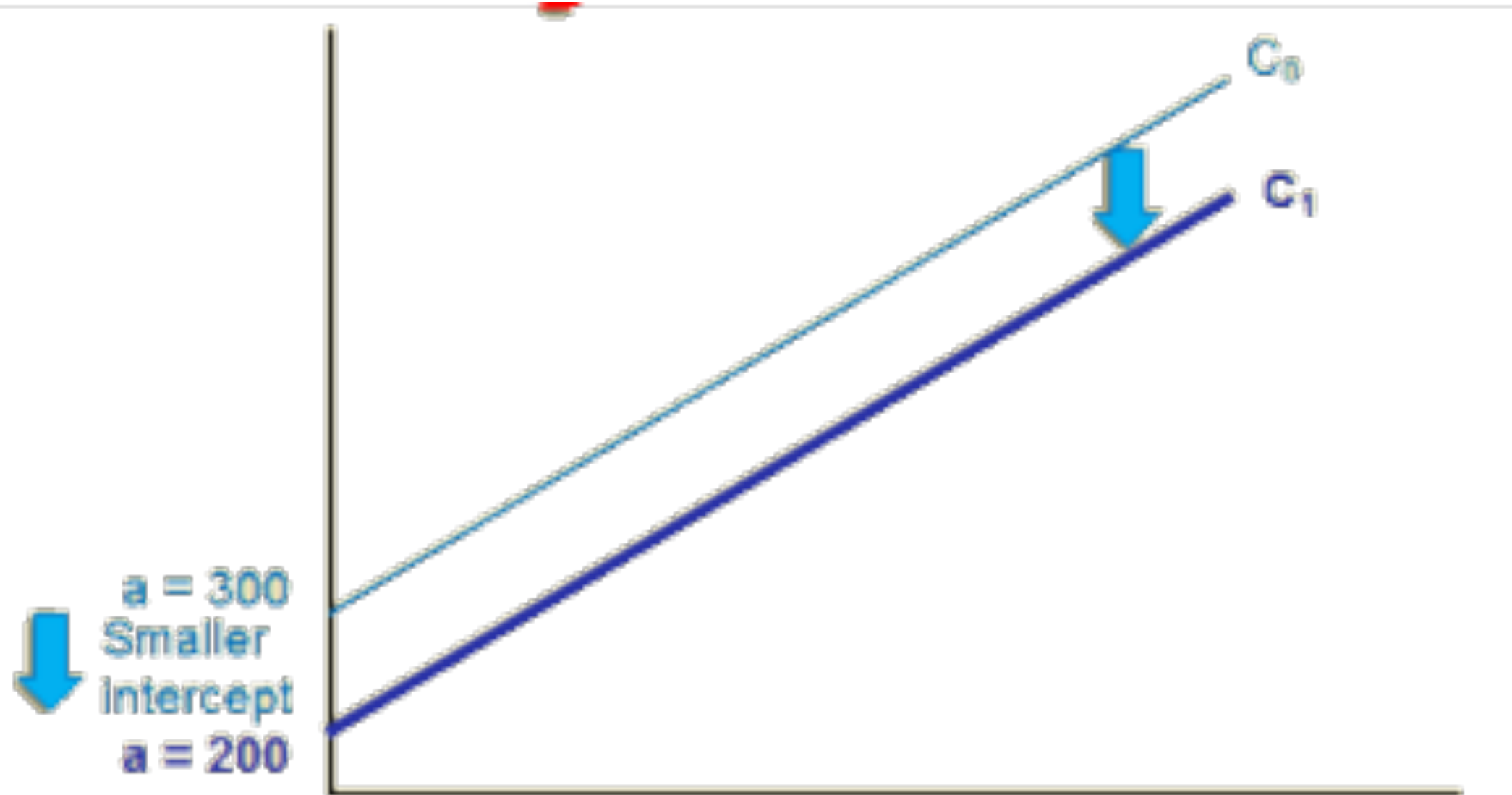
Home values drop



Wealth Decrease

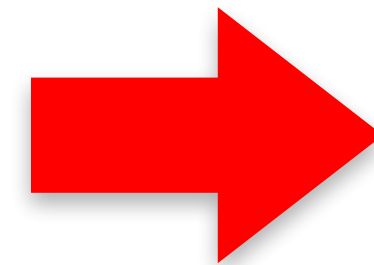


Consumers spend less and save more of their income

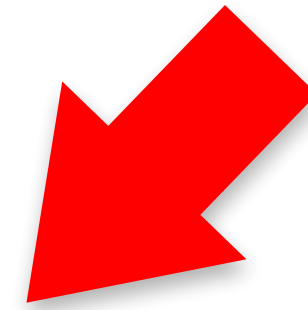


Shifts in Consumption

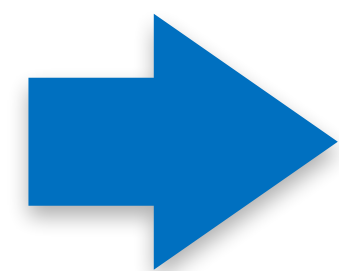
1. Changes in wealth
Stock prices drop
Home values drop



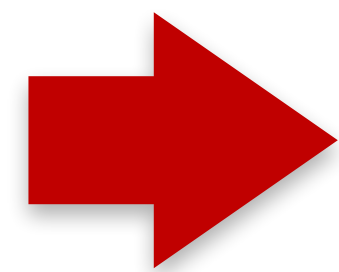
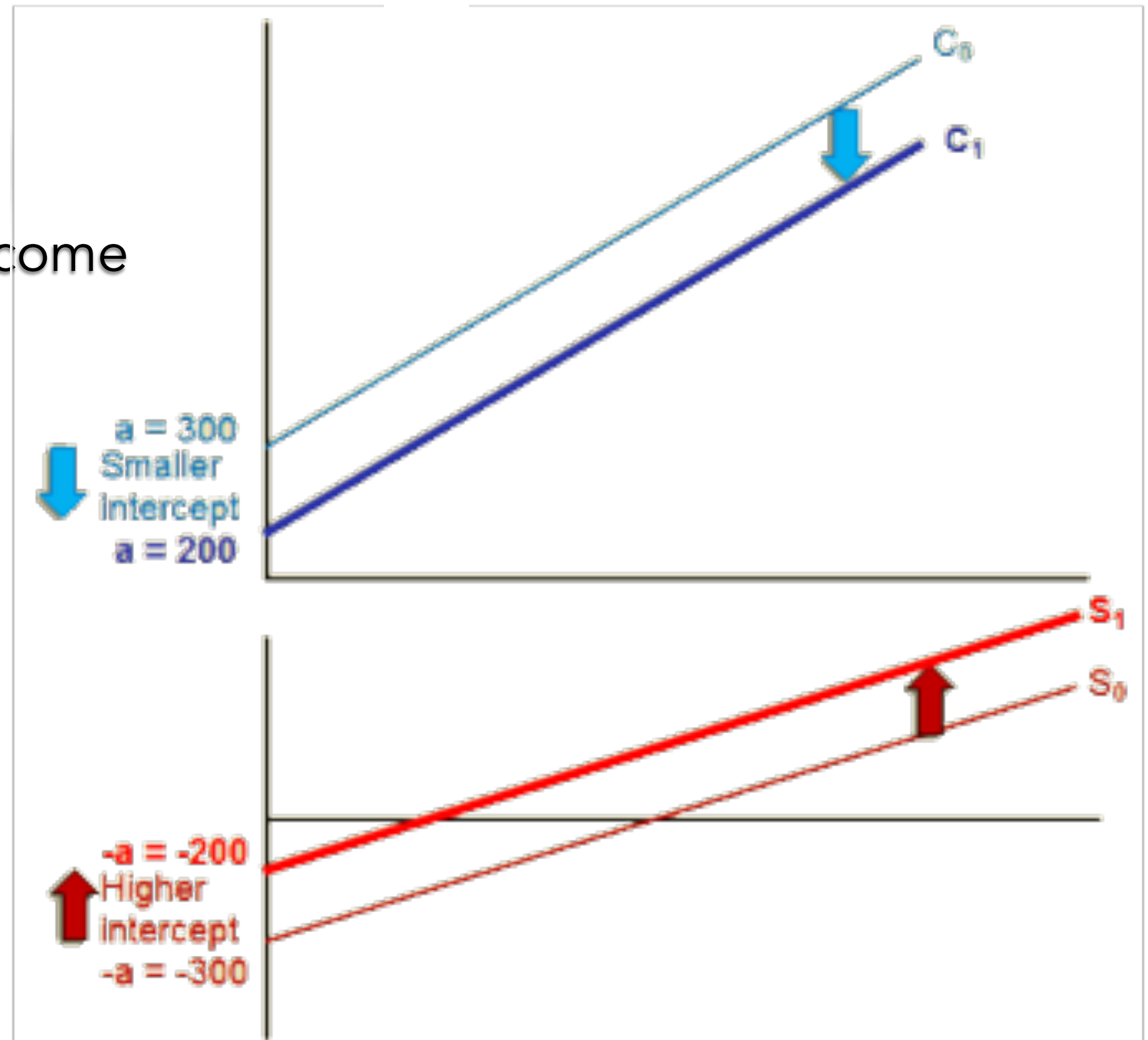
Wealth Decrease



Consumers spend less and save more of their income



A **downward** shift in the Consumption Line:
Line: a **smaller** intercept



An **upward** shift in the Savings Line:
a **larger** intercept

Shifts in Consumption

2. Changes in consumer expectations