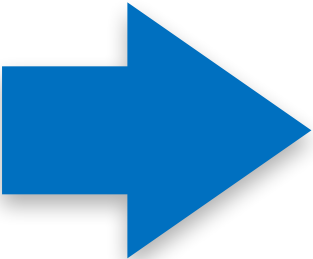




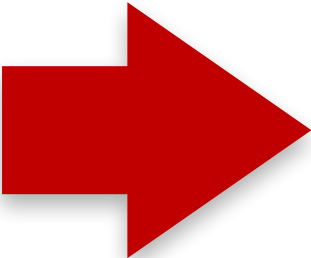
Shifts in Consumption

## 2. Changes in consumer expectations

# Pessimistic Expectations



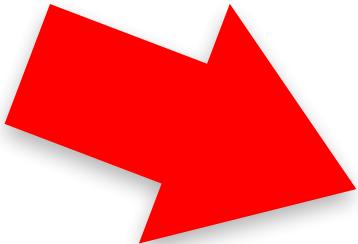
A downward shift in the  
Consumption Line: a smaller  
intercept



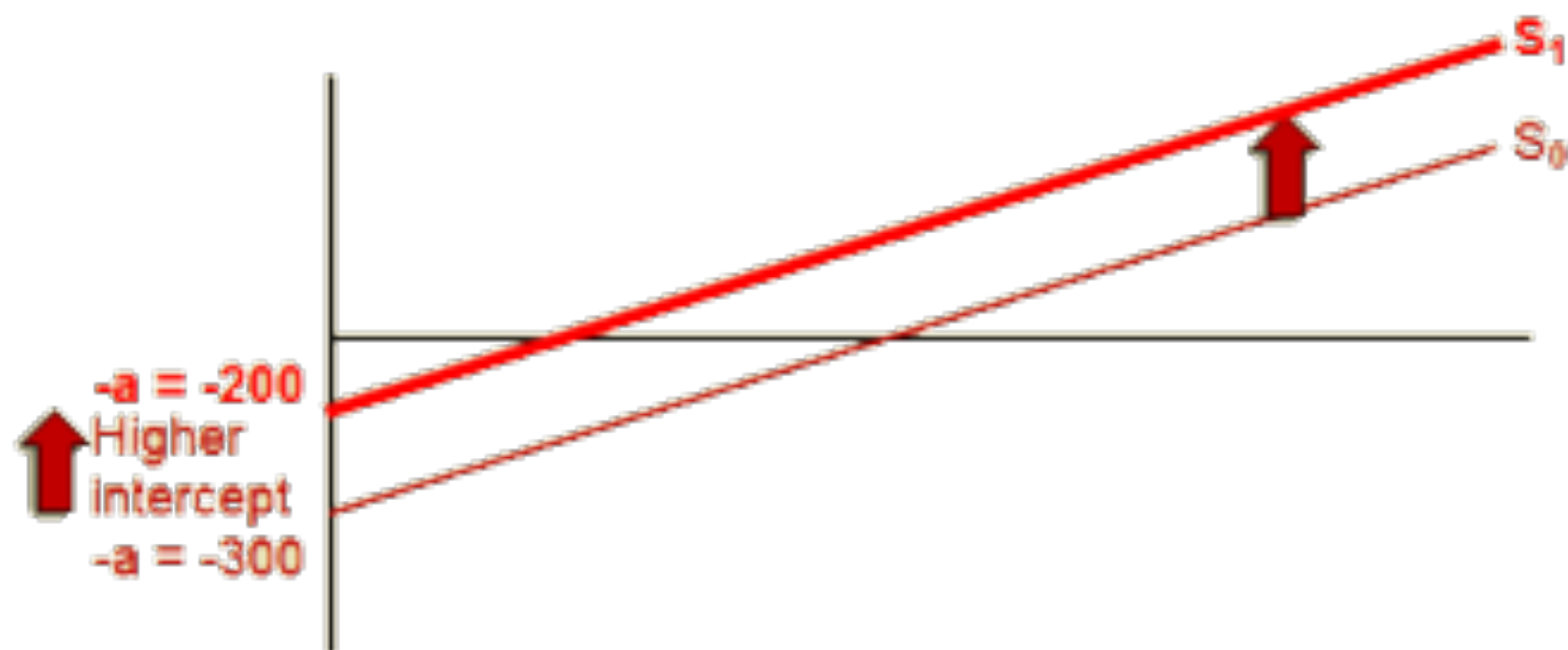
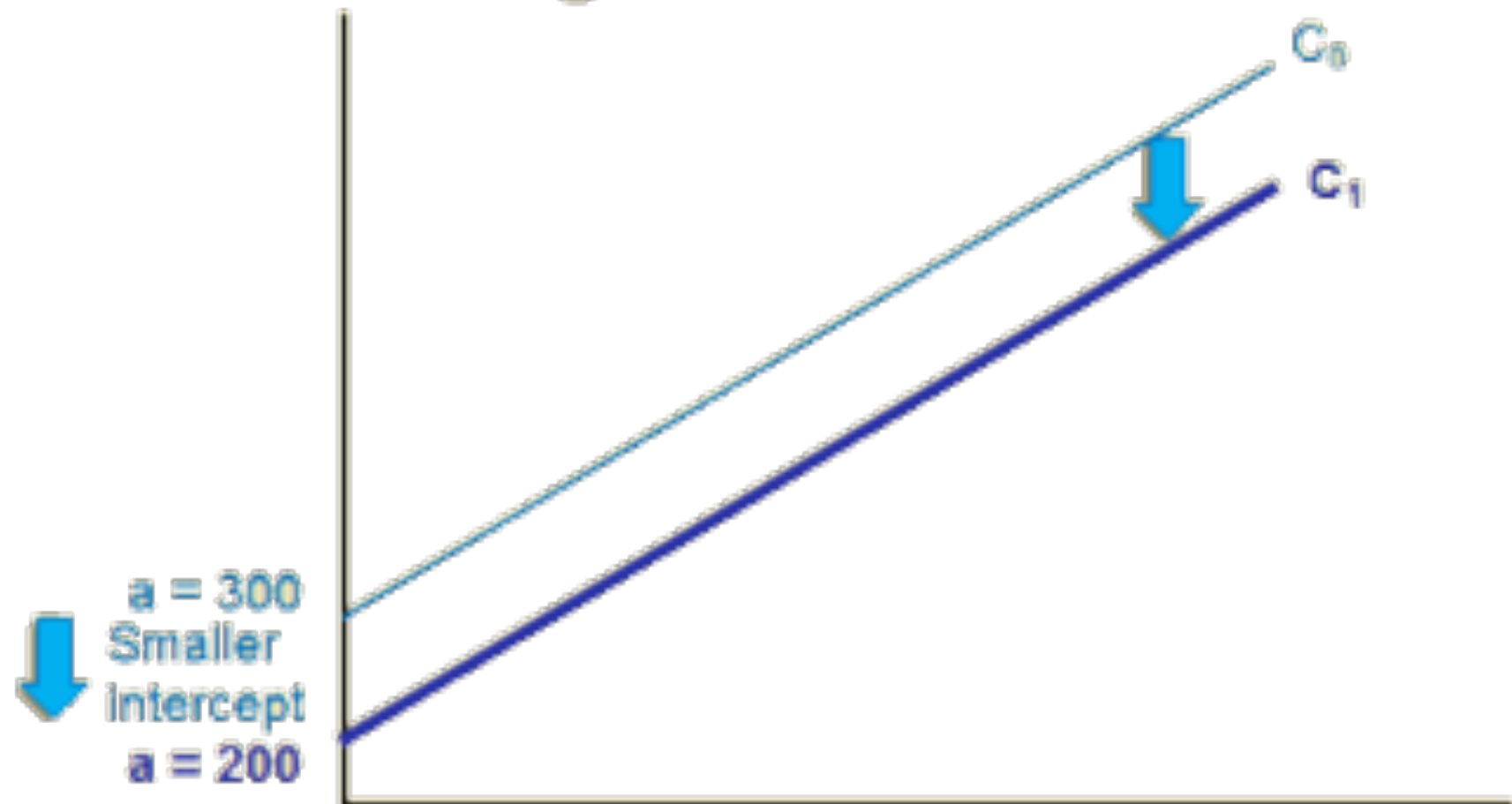
An upward shift in the Savings Line:

a larger intercept





Pessimistic consumers buy  
less and save more

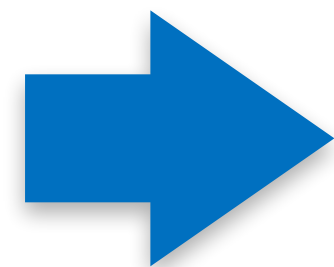


# Shifts in Consumption

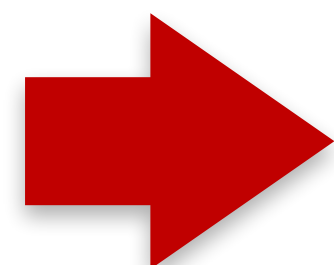
## 2. Changes in consumer expectations

### Pessimistic Expectations

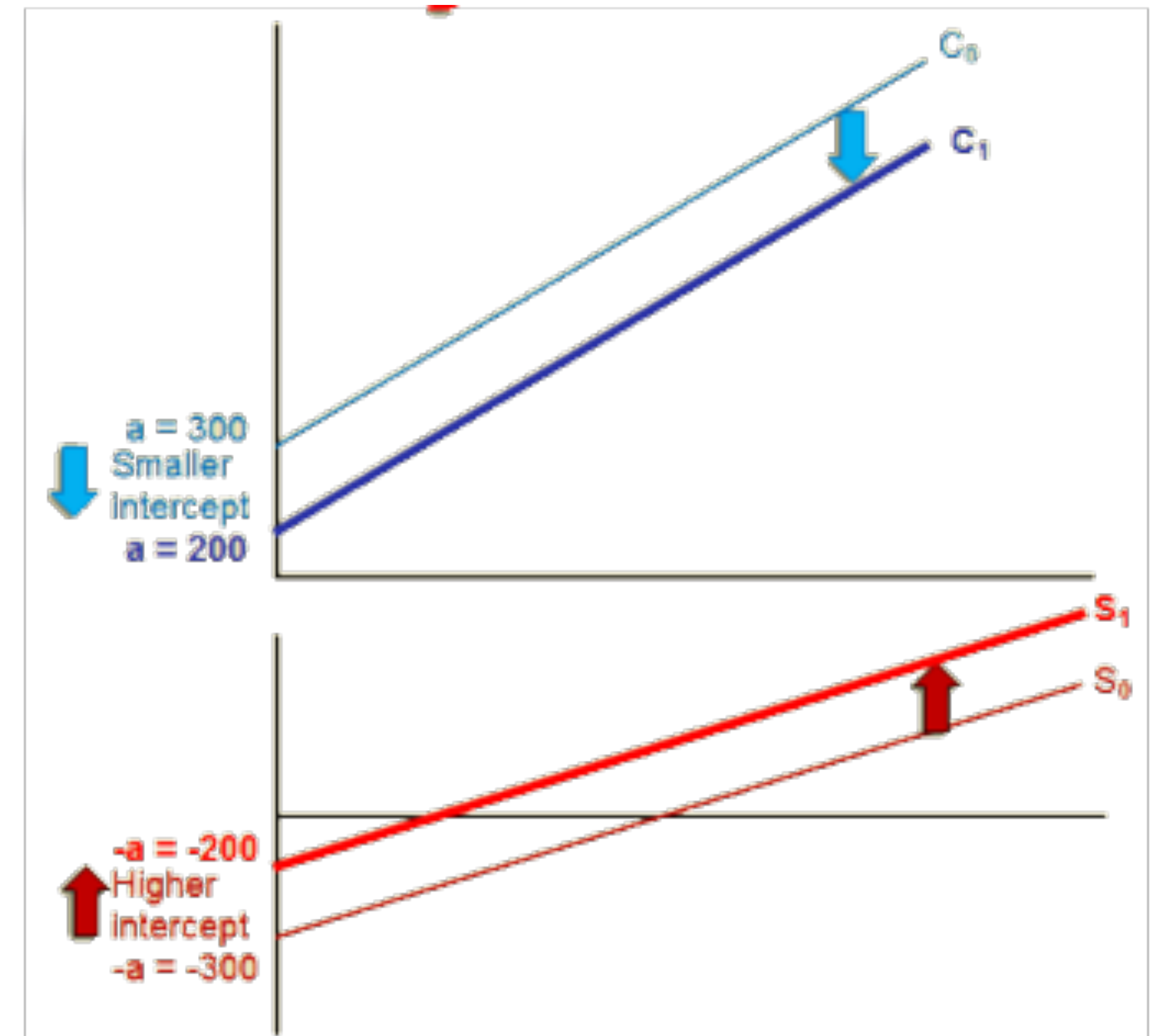
 Pessimistic consumers buy less and save more



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



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



# Shifts in Consumption