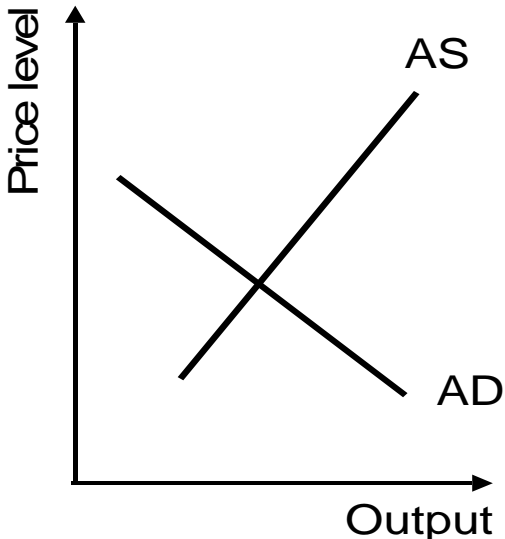
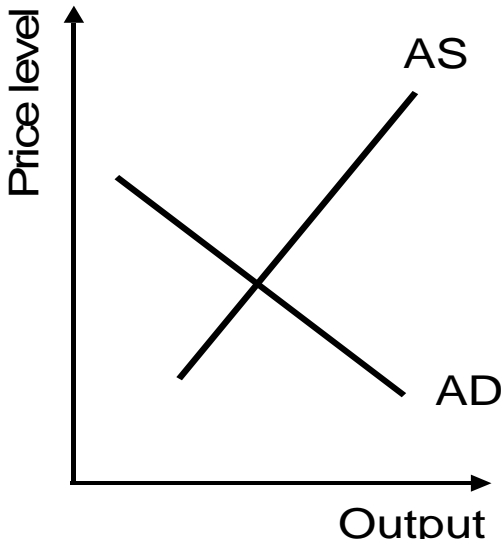


# Inflation (AS-AD framework)

⇒ Mention in both cases a reason why inflation can arise and complete both figures.

Cost-push inflation	Demand-pull inflation
Reason:	Reason:
 <p>The diagram shows the AS-AD model for cost-push inflation. The vertical axis is labeled 'Price level' and the horizontal axis is labeled 'Output'. An upward-sloping line is labeled 'AS' and a downward-sloping line is labeled 'AD'. The two lines intersect at an equilibrium point.</p>	 <p>The diagram shows the AS-AD model for demand-pull inflation. The vertical axis is labeled 'Price level' and the horizontal axis is labeled 'Output'. An upward-sloping line is labeled 'AS' and a downward-sloping line is labeled 'AD'. The two lines intersect at an equilibrium point.</p>

AD = Aggregate demand

AS = Aggregate supply

[Click here to get the answer!](#)