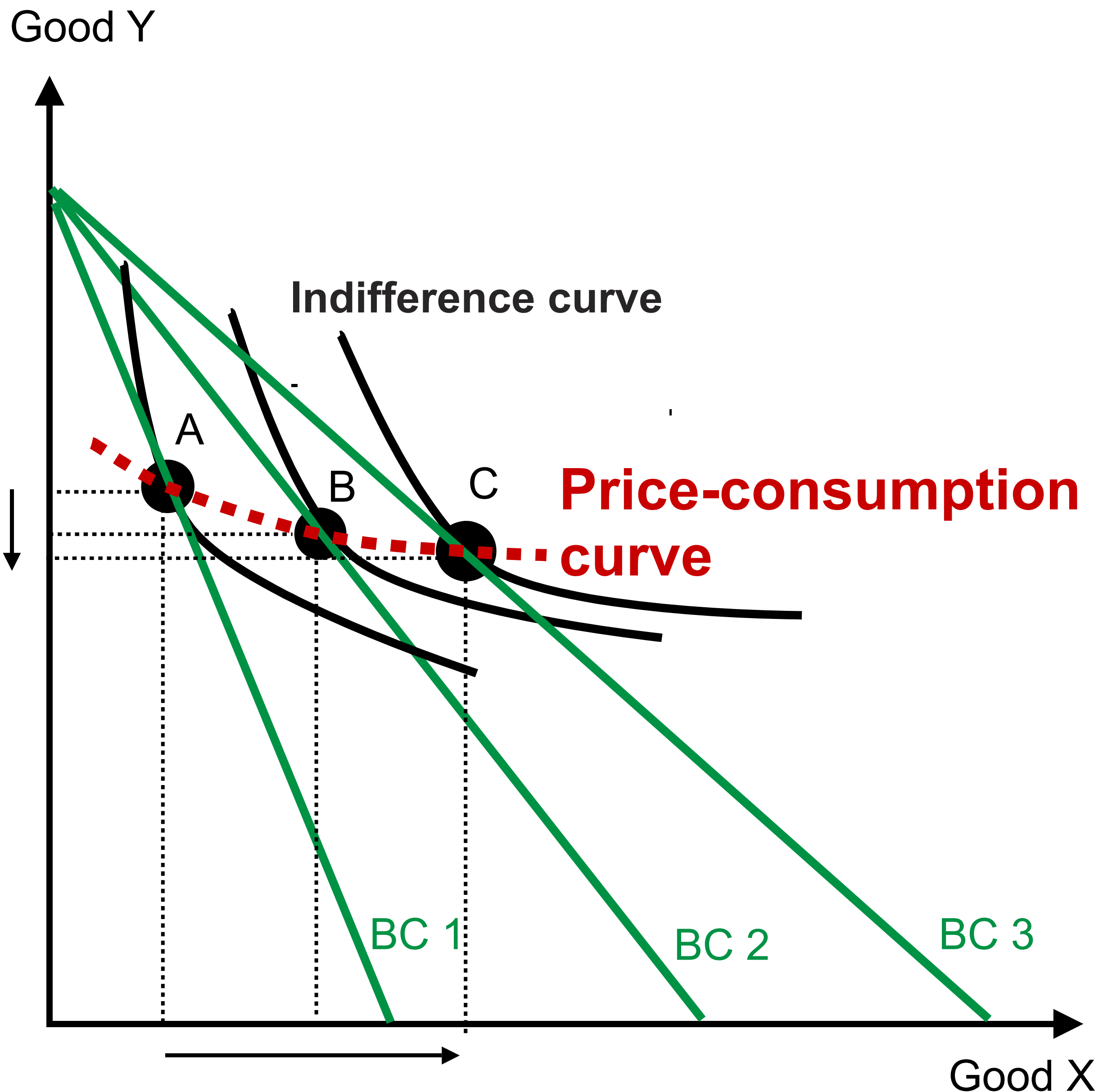
Price-consumption curve 1 - substitutes



BC = Budget constraint

If the price of good X decreases (from BC 1 to BC 2 and then to BC 3), the quantity of good X increases as expected. In contrast, the quantity of good Y decreases at the same time. The two goods are therefore **substitutes** (cross-price elasticity of demand **>** 0).