

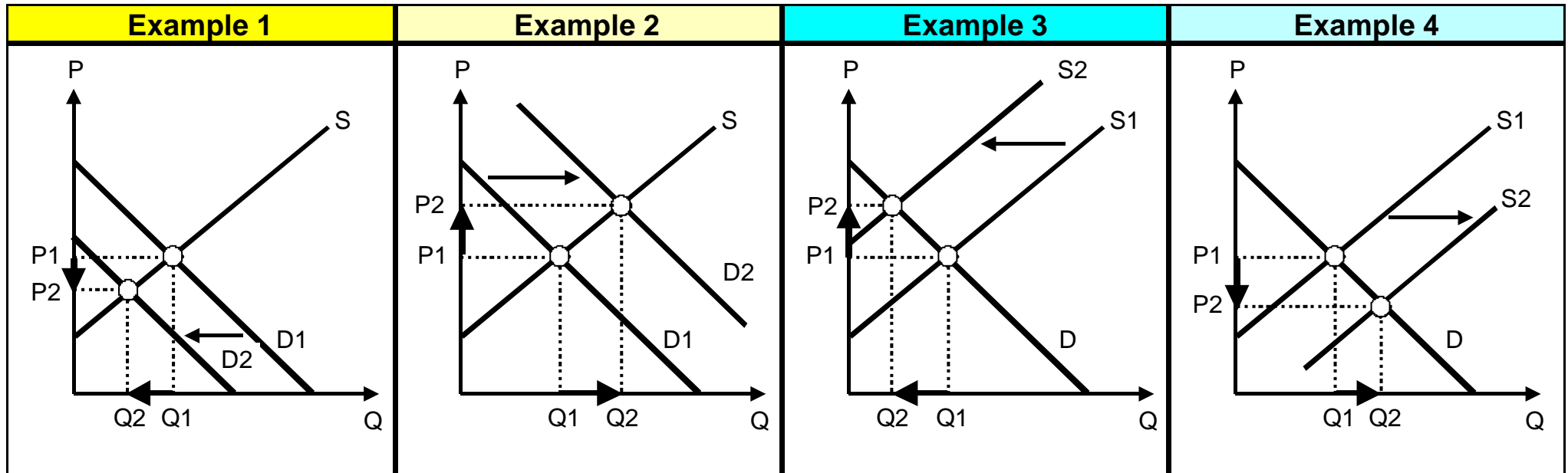
# Shifts in Demand and in Supply

## 3-Step-Procedure

® similar to: Mankiw Gregory N.: Principles of Economics, 3rd ed., 2002, page 78

Nr	Step	Example 1: Consumers lose interest in a good.	Example 2: Income rises (normal good).	Example 3: Prices of raw materials rise.	Example 4: Producers get subsidies.
1	Shift in demand or in supply?	Demand	Demand	Supply	Supply
2	Shift in which direction?	Decrease	Increase	Decrease	Increase
3	New equilibrium price/quantity?	P and Q decrease	P and Q increase	P increases/Q decreases	P decreases/Q increases

Examples 1 to 4 in diagrams:



Abbreviations: P = Price / Q = Quantity / D = Demand / S = Supply