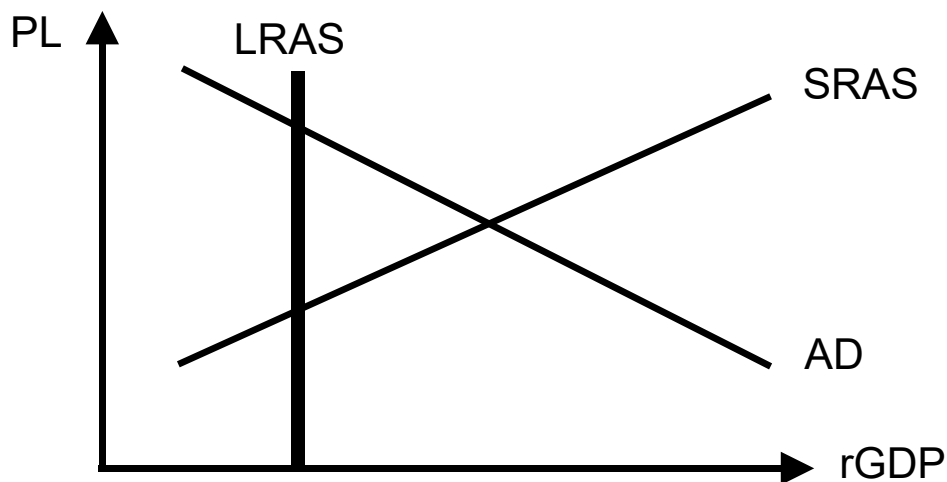


## Inflationary or recessionary gap (E107a)

⇒ The diagram below shows the situation of an economy. Answer the following questions:

- Is there an inflationary gap or a recessionary gap?
- In which phase of the business cycle is this economy? Justify your answer.
- How can this gap be represented in the graph?



PL = Price level	rGDP = Real Gross Domestic Product
AS = Aggregate supply	AD = Aggregate demand
SRAS = Short-run AS	LRAS = Long-run AS

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