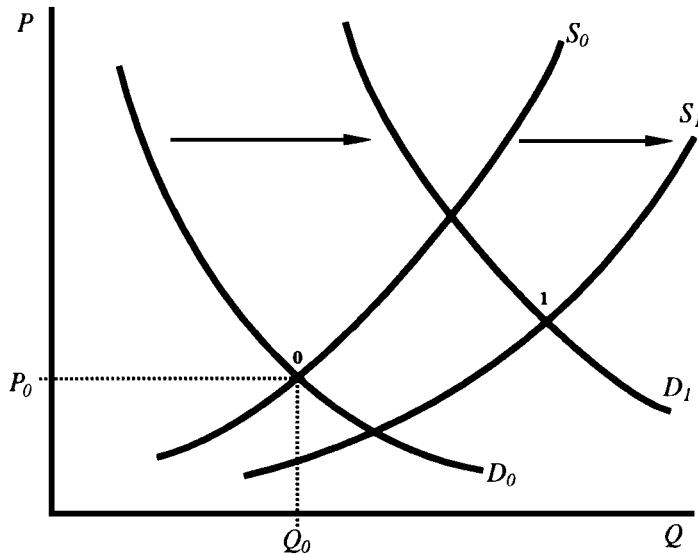


### INCREASE IN DEMAND AND SUPPLY



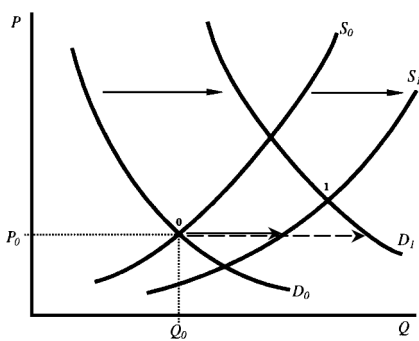
0 Initial Equilibrium ( $P_0, Q_0$ )

Then: Change in some things other than price cause:  
(Increase in demand) and (Increase in supply)

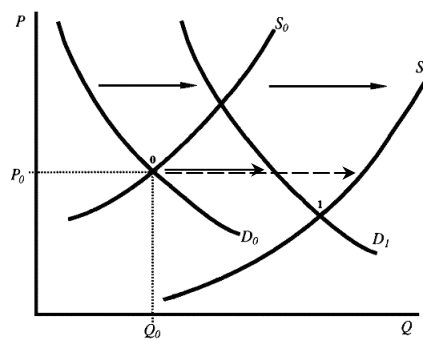
1 New Equilibrium ( $P_1, Q_1$ )

We can predict that equilibrium quantity will be higher but, in general, we cannot predict whether equilibrium price will be higher or lower without knowing which shifts more, Supply or Demand.

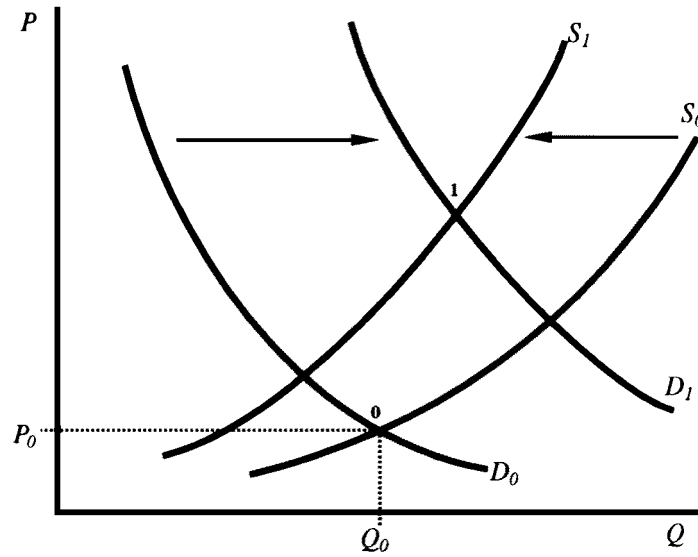
Increase in demand is greater than the increase in supply so price increases



Increase in demand is less than the increase in supply so price decreases



### INCREASE IN DEMAND AND DECREASE IN SUPPLY



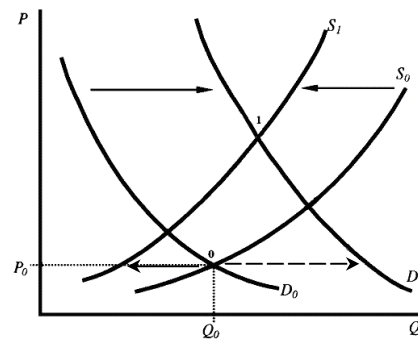
0 Initial Equilibrium ( $P_0, Q_0$ )

Then: Change in some things other than price cause:  
(Increase in demand) and (Decrease in supply)

1 New Equilibrium ( $P_1, Q_1$ )

We can predict that equilibrium price will be higher but, in general, we cannot predict whether equilibrium quantity will be higher or lower without knowing which shifts more, Supply or Demand.

Increase in demand is greater than the decrease in supply so quantity increases



Increase in demand is less than the decrease in supply so quantity decreases

