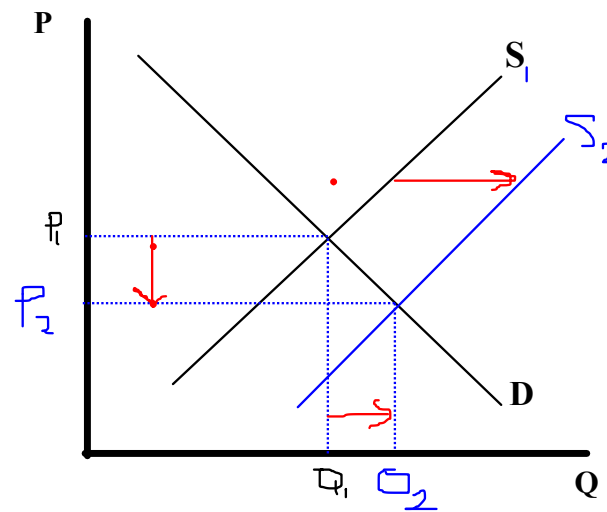
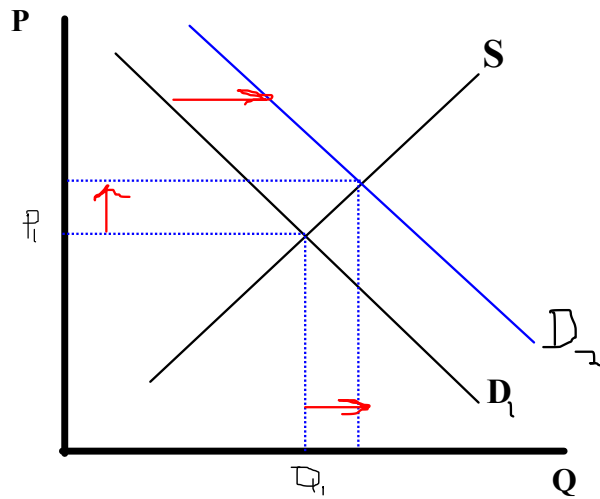


Stimulus		Response	
ΔD Let Demand increase (+), decrease (-), or stay the same (0)	ΔS Let Supply increase (+), decrease (-), or stay the same (0)	ΔP Show the predicted response of Equilibrium Price: increase (+), decrease (-), or stay the same (0)	ΔQ Show the predicted response of Equilibrium Quantity: increase (+), decrease (-), or stay the same (0)
0	0	0	0
+	0	+	+
-	0	-	-
0	+	-	+
0	-	+	-



Stimulus		Response	
ΔD Let Demand increase (+), decrease (-), or stay the same (0)	ΔS Let Supply increase (+), decrease (-), or stay the same (0)	ΔP Show the predicted response of Equilibrium Price: increase (+), decrease (-), or stay the same (0)	ΔQ Show the predicted response of Equilibrium Quantity: increase (+), decrease (-), or stay the same (0)
+	+	uncertain	+
-	-	uncertain	-
+	-	+	uncertain
-	+	-	uncertain

Refer to the previous page to get the answers for these. A graphic that allows two things to change at once will "lie" to you. Look at the example I have marked on the previous page and you will see that this first line is not as you have marked it, but the price movement is uncertain. Why? A Demand increase pushes price upward and a Supply increase pushes prices down.

Notice also that while one response or prediction is uncertain the other is certain and unambiguous. Again look at the previous charts and graph and see that an increase in Demand increases quantity and an increase in Supply also increases quantity.

The "lie" referred to in the first paragraph on this page is better known as a violation of ceteris paribus. That is, economists and other analysts break problems down to the most simple and look at one change at a time. Then they take all the separate predictions and "add" them together.