

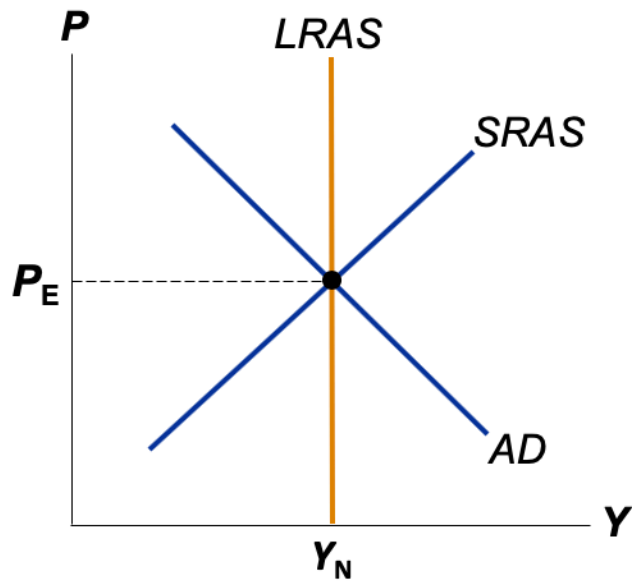
## 14<sup>th</sup> week: In-class Learning Activity\_Part 2

### Economic Fluctuations

Caused by events that shift the  $AD$  and/or  $AS$  curves. Four steps to analyzing economic fluctuations:

1. Determine whether the event shifts  $AD$  or  $AS$ .
2. Determine whether curve shifts left or right.
3. Use  $AD-AS$  diagram to see how the shift changes  $Y$  and  $P$  in the short run.
4. Use  $AD-AS$  diagram to see how economy moves from new SR eq'm to new LR eq'm

#### 3. Event: Global Financial Crisis



#### 4. Event: Oil Prices Rise

