1. Suppose you have $500 in savings when the price level index is at 100.
2. If inflation pushes the price level up by 10%, what will be the real value of your savings?
3. What is the real value of your savings if the price level declines by 10%?

2.





1. If the AS curve shift to the right, what happens to the equilibrium rate of output, and the equilibrium price level? (increase or decrease)