

WORKSHEET LU 8 - CL 19

(LU 8)

8.1 In this question, you must consider the impact of key changes on the aggregate supply curve. For questions 8.1.1 – 8.1.5 you are required to match one (1) of the following responses to the key change given. (Only write the question number in the margin of your examination book, with your response selected from the list below next to it.) Possible responses (any one may be used more than once if necessary): (5)

- AS curve shifts to the left;
- AS curve shifts to the right;
- Upward movement along the curve;
- Downward movement along the curve.

Change	Impact on AS Curve
Price level P increases.	8.1.1
Prices of factors of production increase.	8.1.2
Productivity increases.	8.1.3
Weather conditions improve.	8.1.4
Price of imported capital goods increase.	8.1.5

8.2 Explain the monetary transmission mechanism in the AD-AS framework. (5)