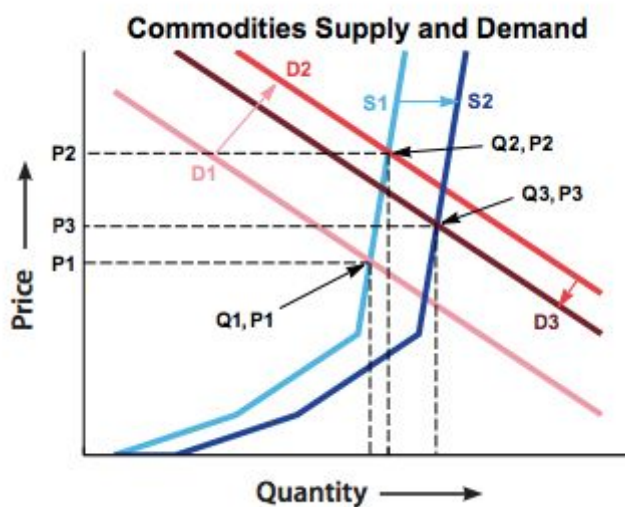


# Supply and Demand in Action

## After the boom

Eventually, the new investment in mines and mining infrastructure meant that Australia was able to export more iron ore, coal and gas (shifting the commodities supply curve out from S1 to S2, in response to the initial upward shift in demand from D1 to D2). At the same time as this additional supply became available, demand for commodities from China and other parts of Asia slowed (demand shifted back in from D2 to D3). The combined effect of this increase in supply and fall in demand was a decline in commodity prices and Australia's terms of trade (with prices falling from P2 to P3 and quantities increasing from Q2 to Q3).



<https://www.rba.gov.au/education/resources/explainers/australia-and-the-global-economy.html>