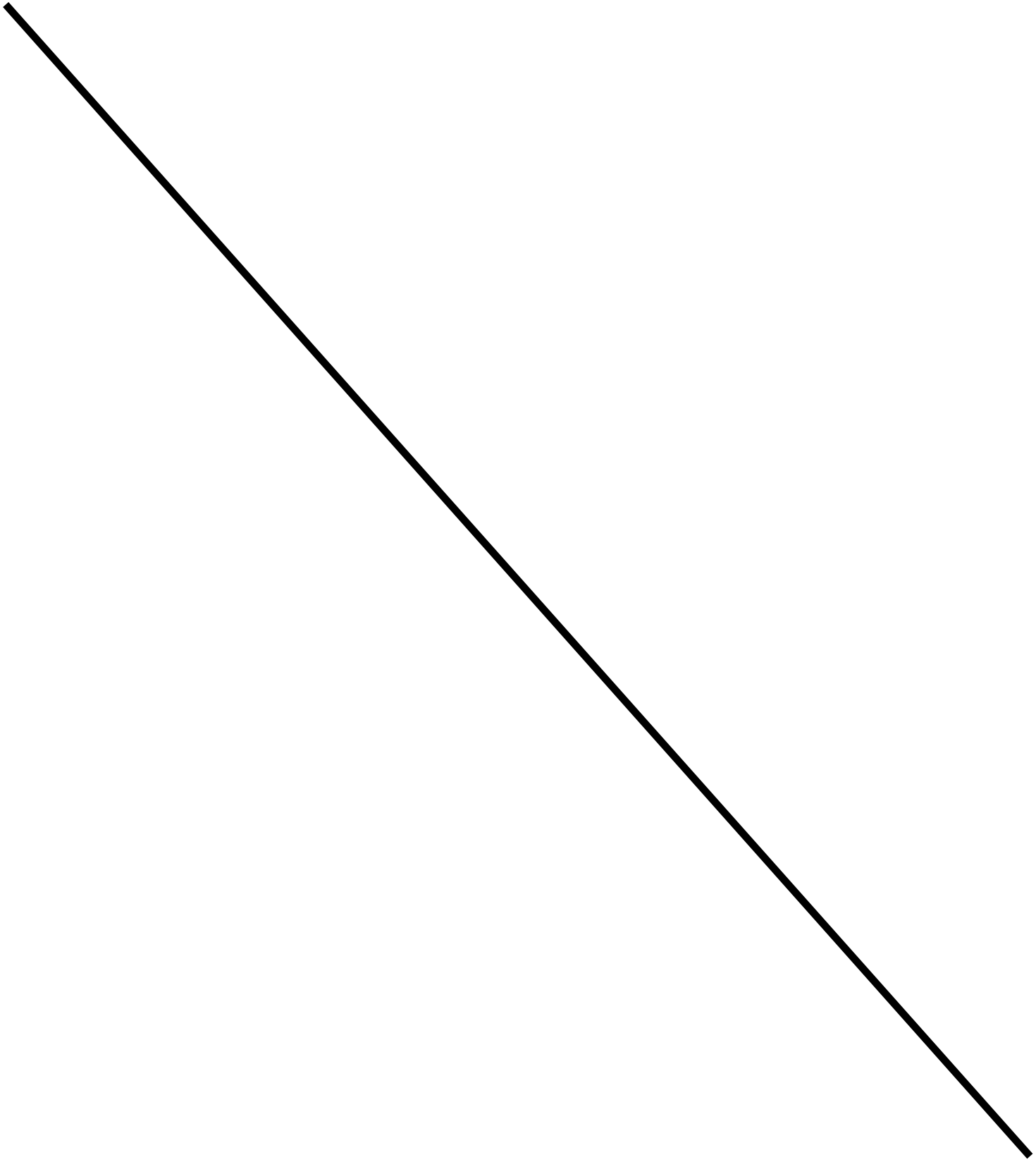
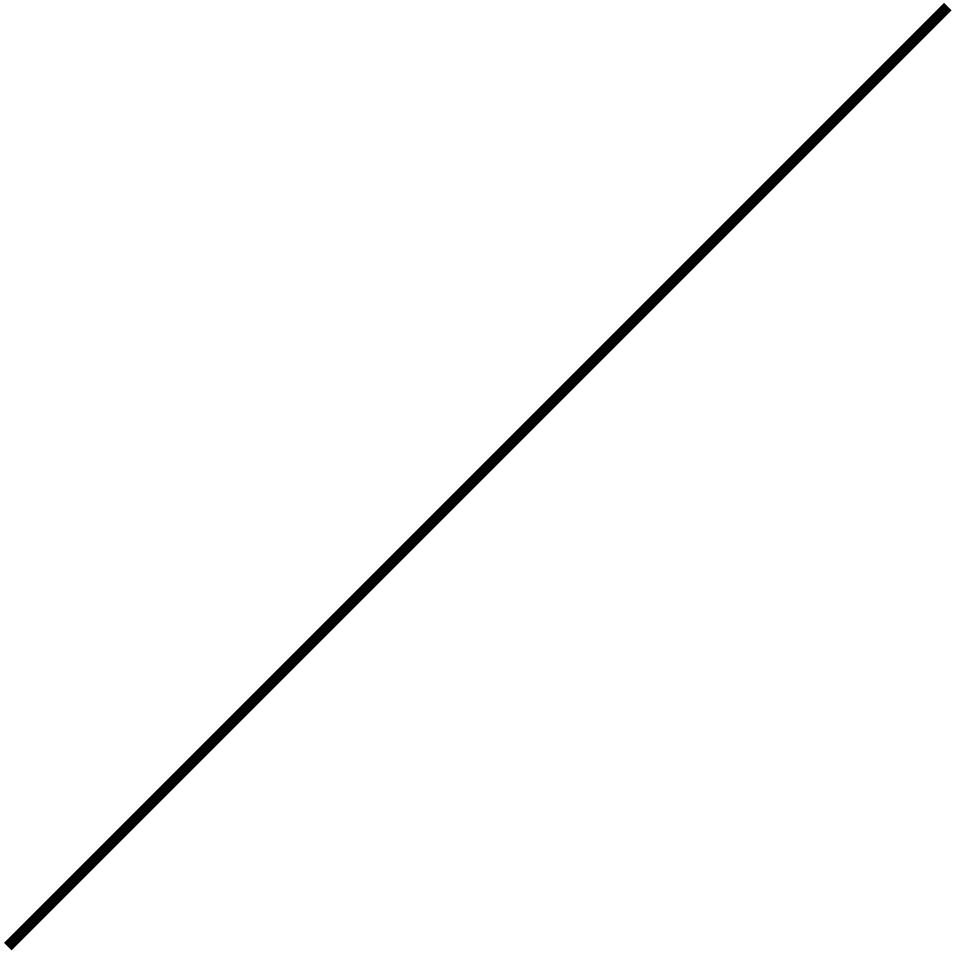




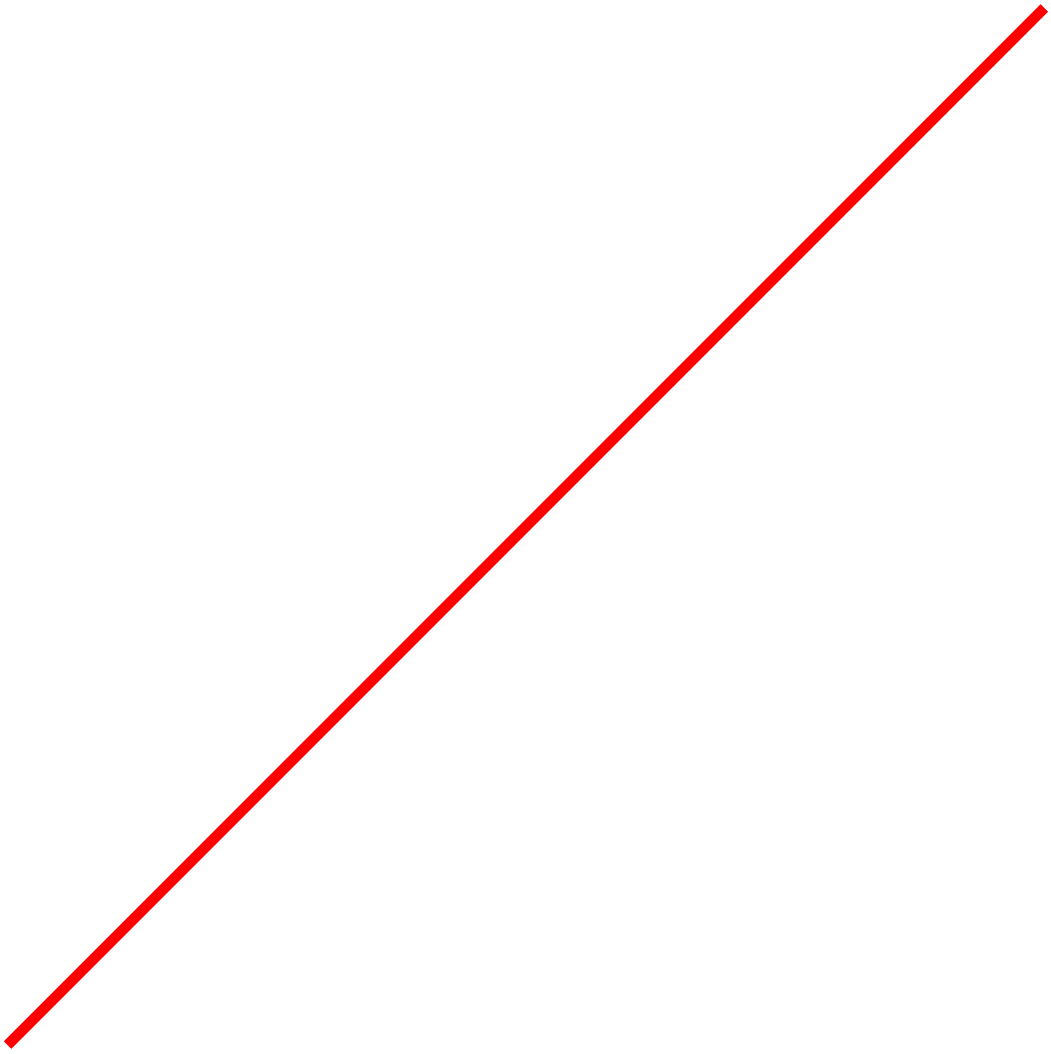
Midpoint















Total
Revenue
Before

O_1

P₁

Q₀

P₀

D₀

So

S₁





TR increase

● $e=1$



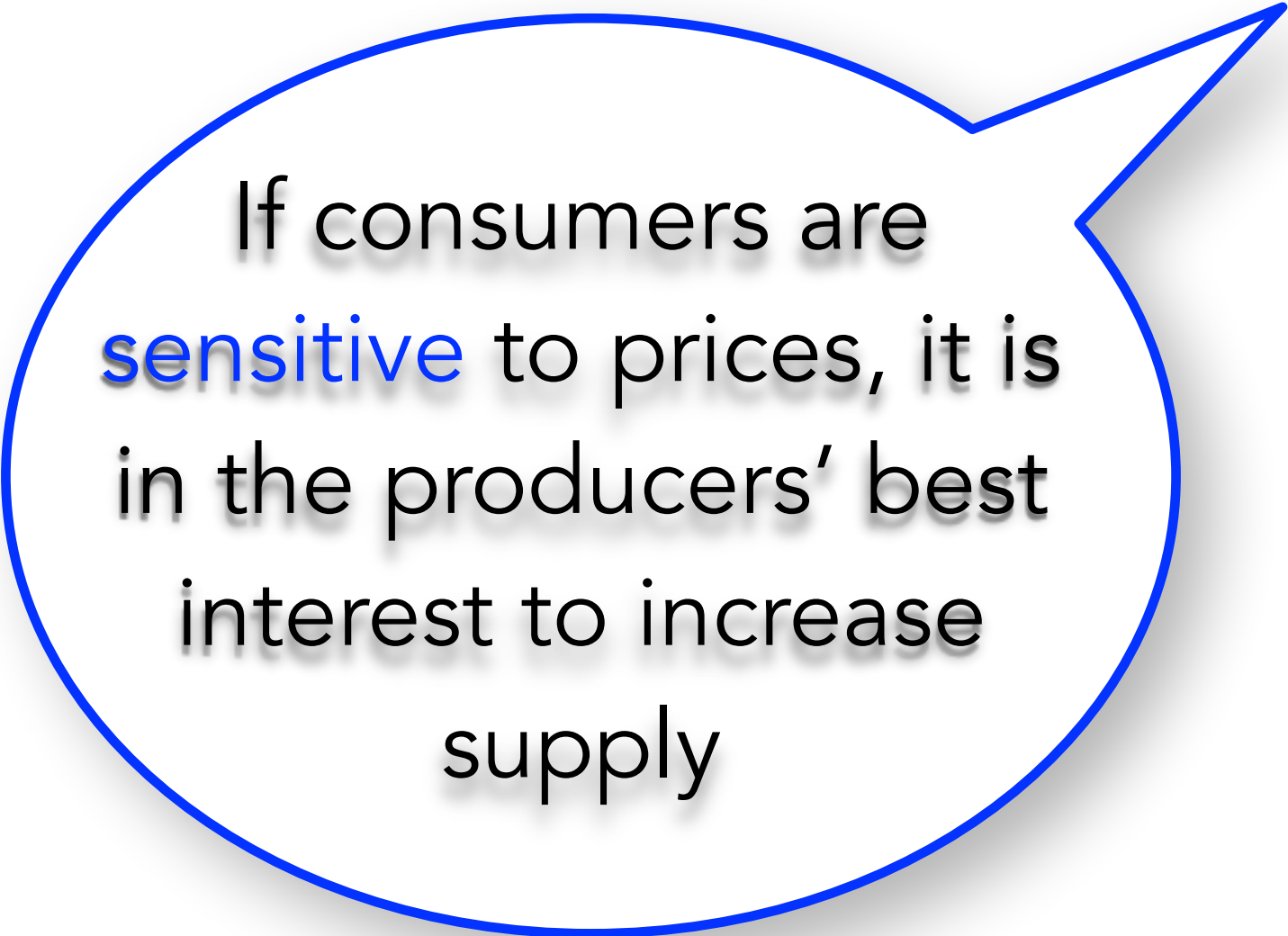


Total
Revenue
After

Gain

Because

Increasing Supply, cause a decrease in price and an increase in Q^d



If consumers are
sensitive to prices, it is
in the producers' best
interest to increase
supply

Increasing Supply, cause an **increase** in Total Revenue for producers if demand is **elastic** ($e > 1$)

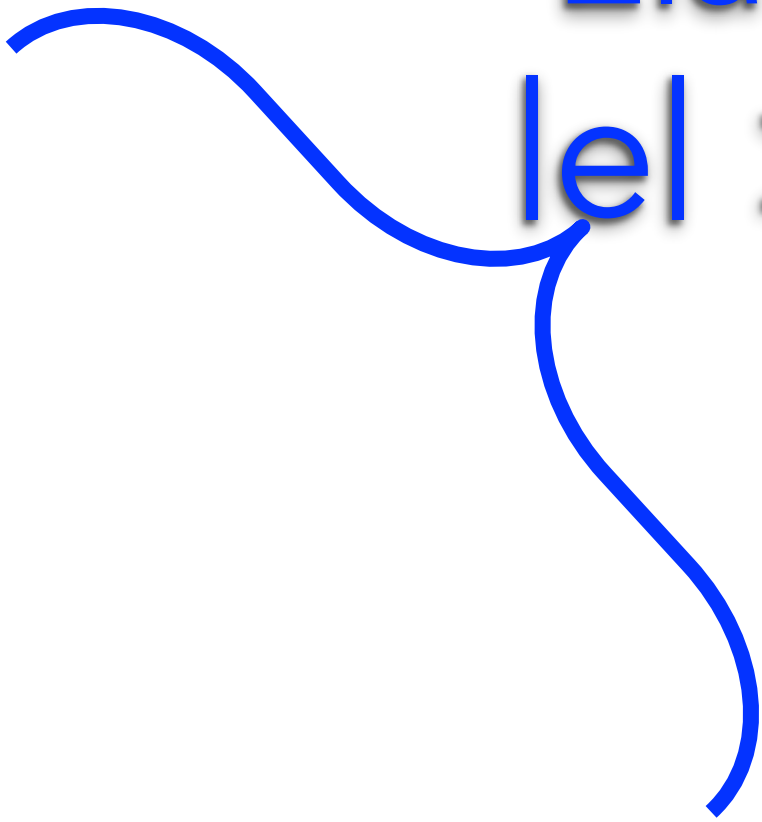
Loss

Gain

Loss

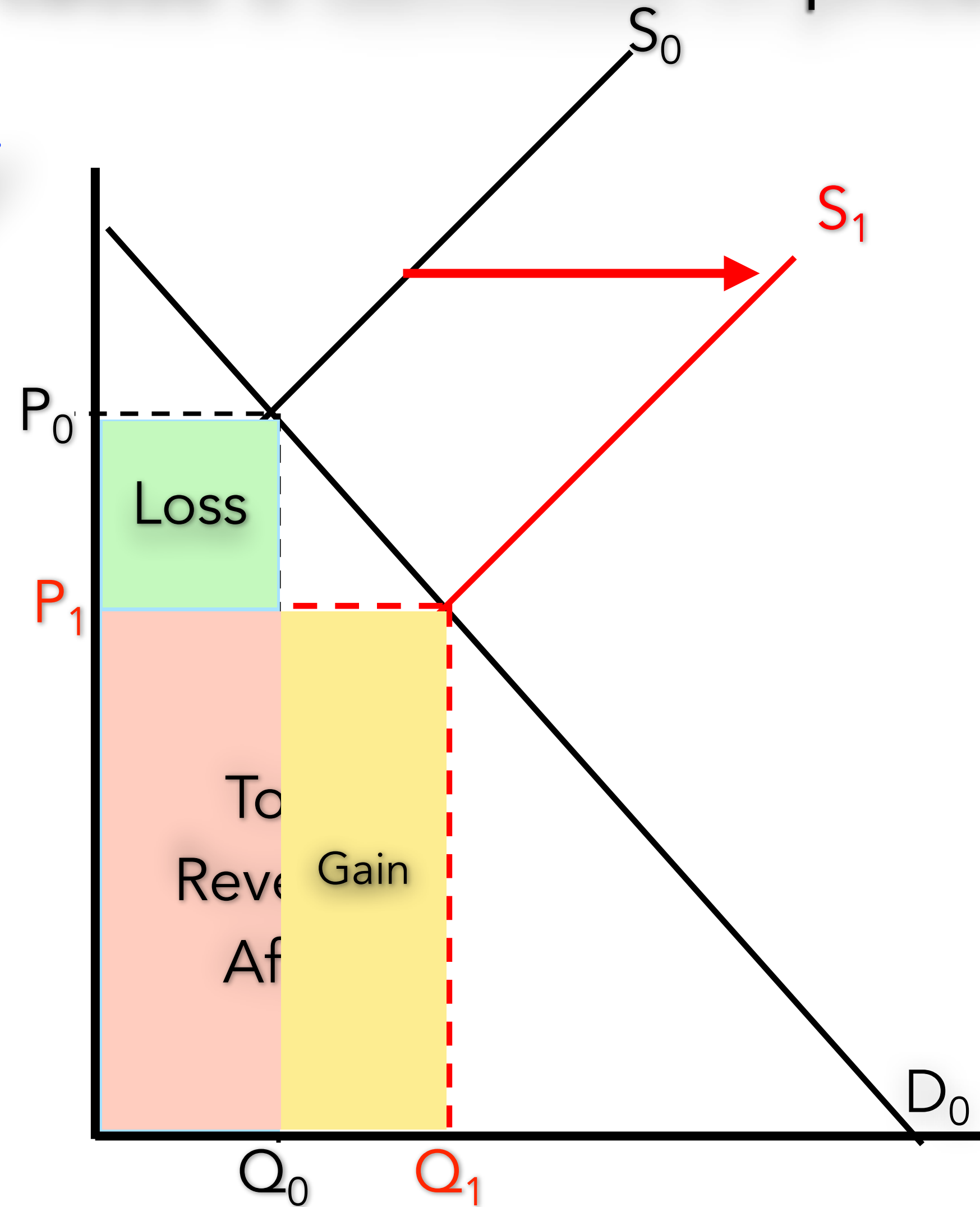
Elastic

$|e| > 1$



Increasing Supply, cause a decrease in price and an increase in Q^d

If consumers are sensitive to prices, it is in the producers' best interest to increase supply



Because

Gain > Loss
TR increase

Increasing Supply, cause an increase in Total Revenue for producers if demand is elastic ($e > 1$)

Price elasticity of Demand

