

Extreme Cases







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If the cost per unit stays
the same

Production can not increase
regardless of how much
consumers are willing to pay...







Fixed Quantity Supplied





Ω_1

Q0

$$e_p^s = 0$$

$$e_p^s = \infty$$

Perfectly Elastic Supply

Consumers don't have to
pay a higher price...

Suppliers can produce more
at the same price



\$Cost

Perfectly
Inelastic
Supply

Paintings by Rembrandt

Seats in a theater or stadium

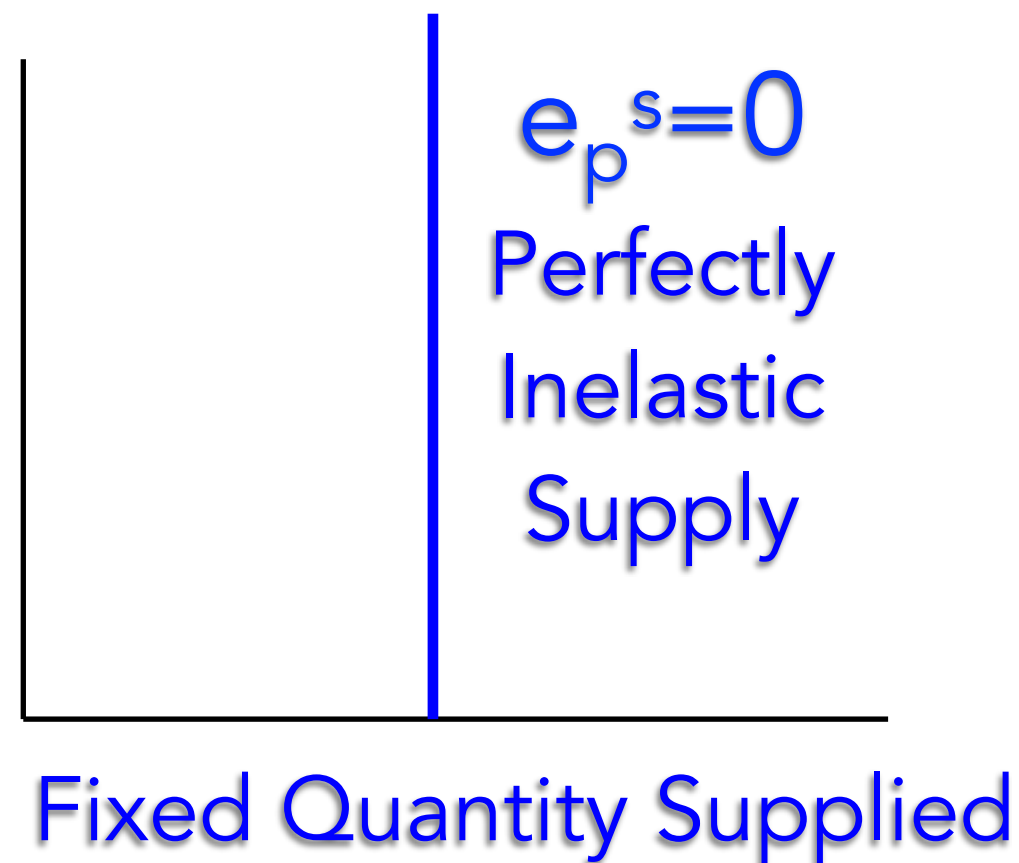
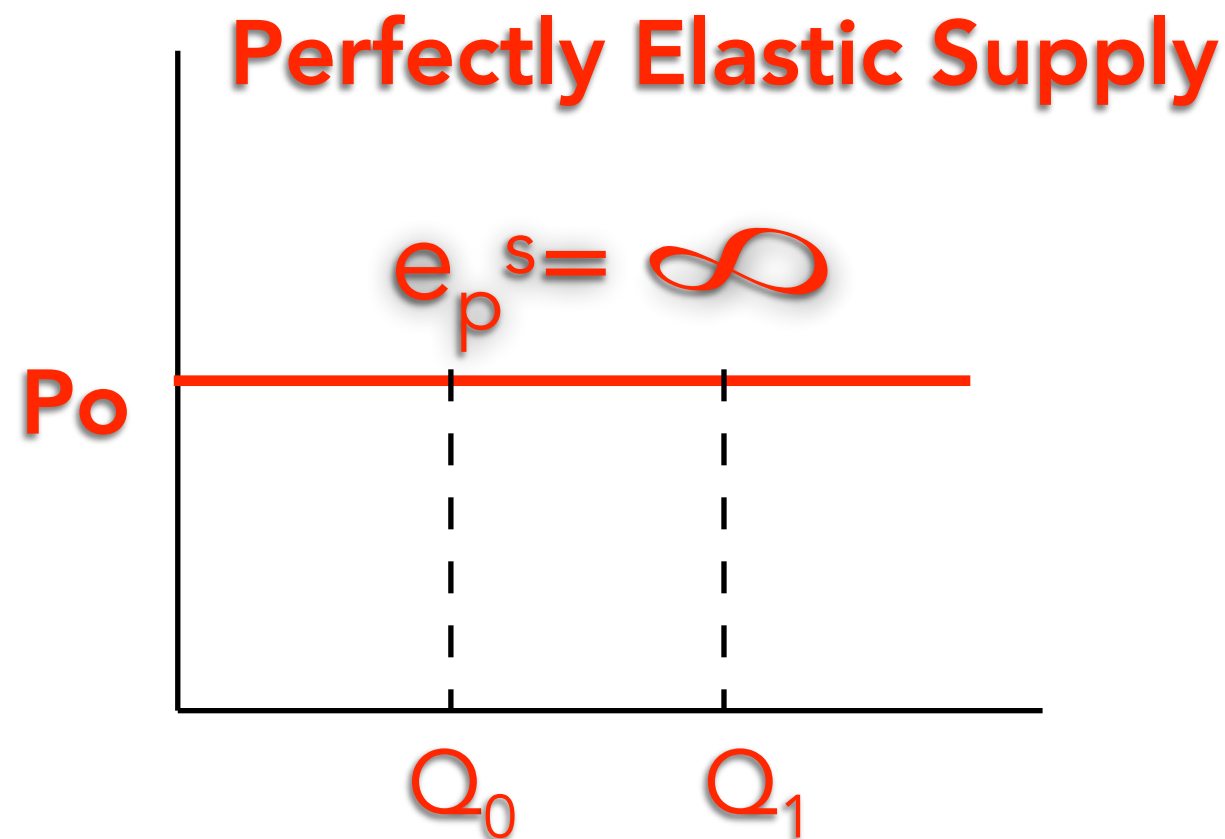
Beach front properties

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Calculate the Elasticity
at point B

