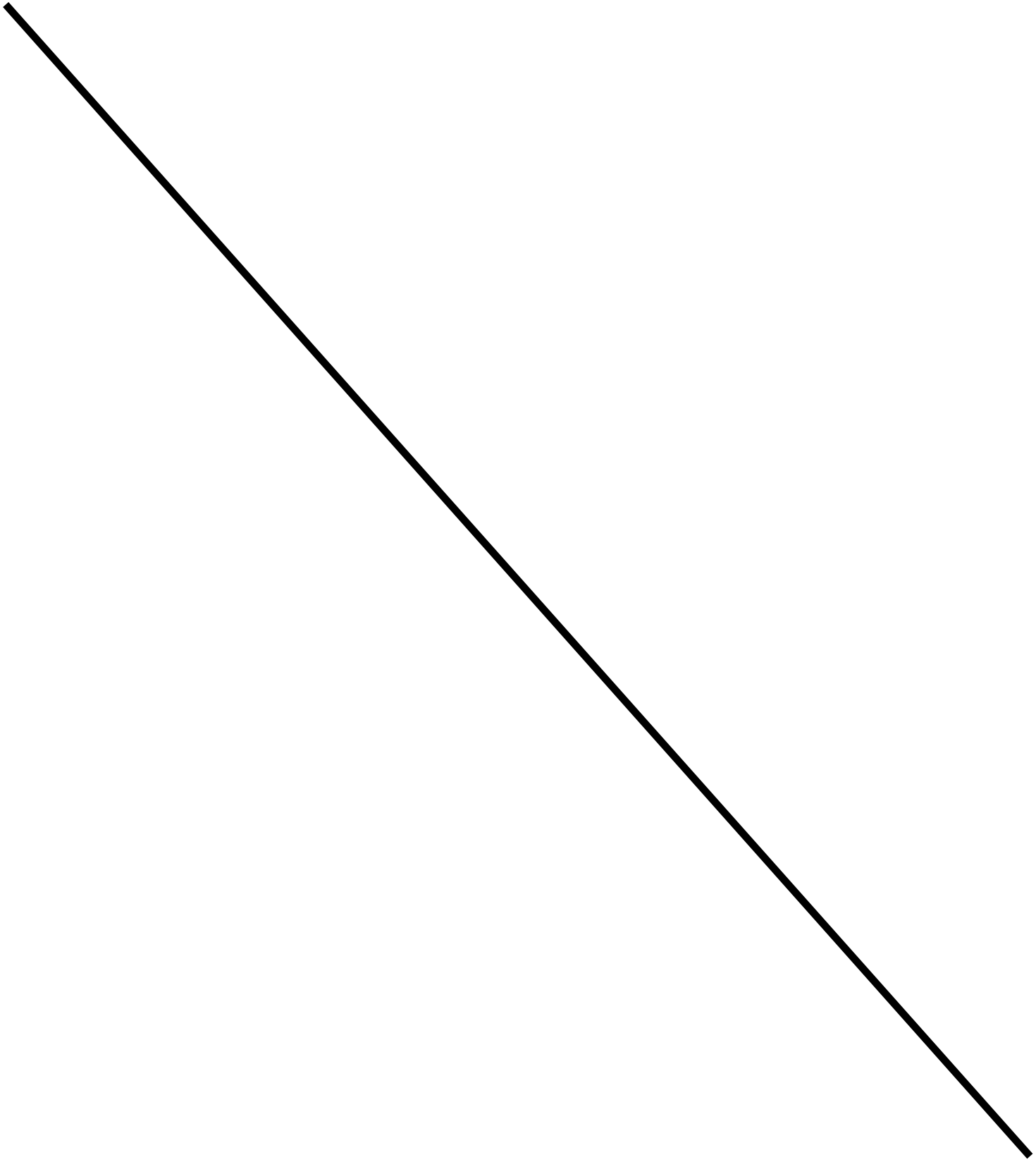
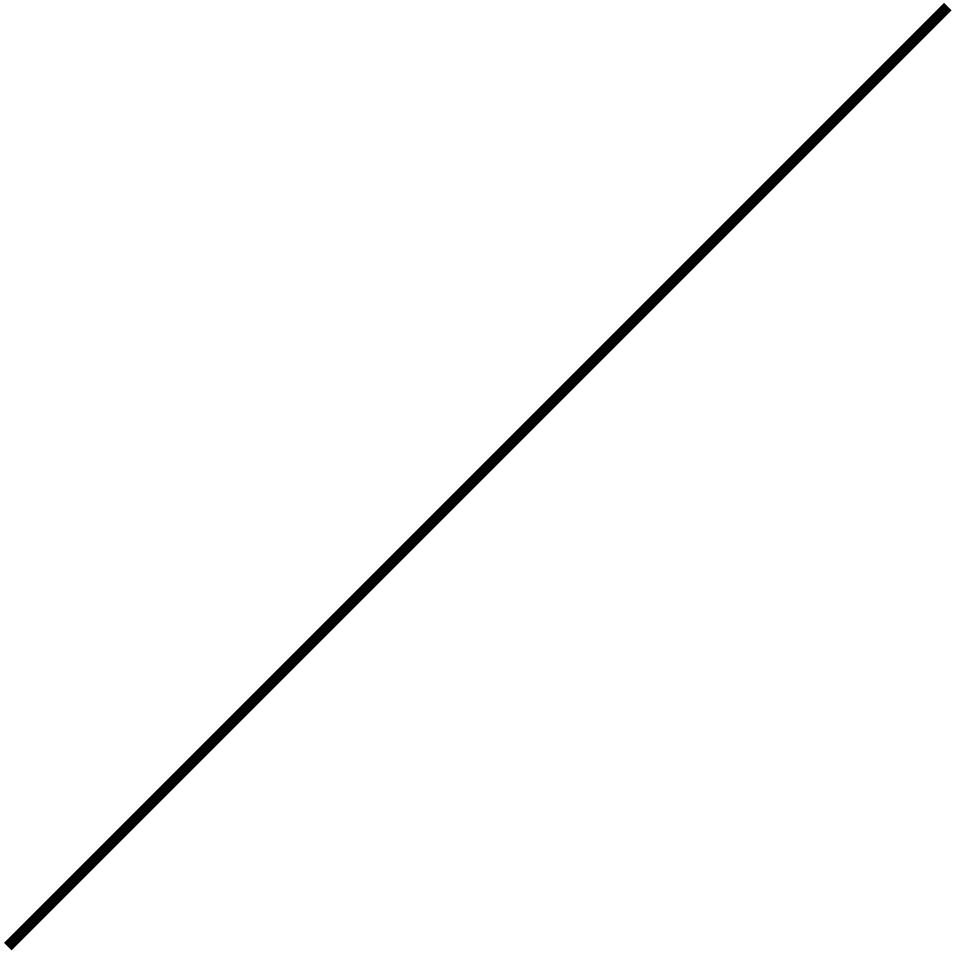




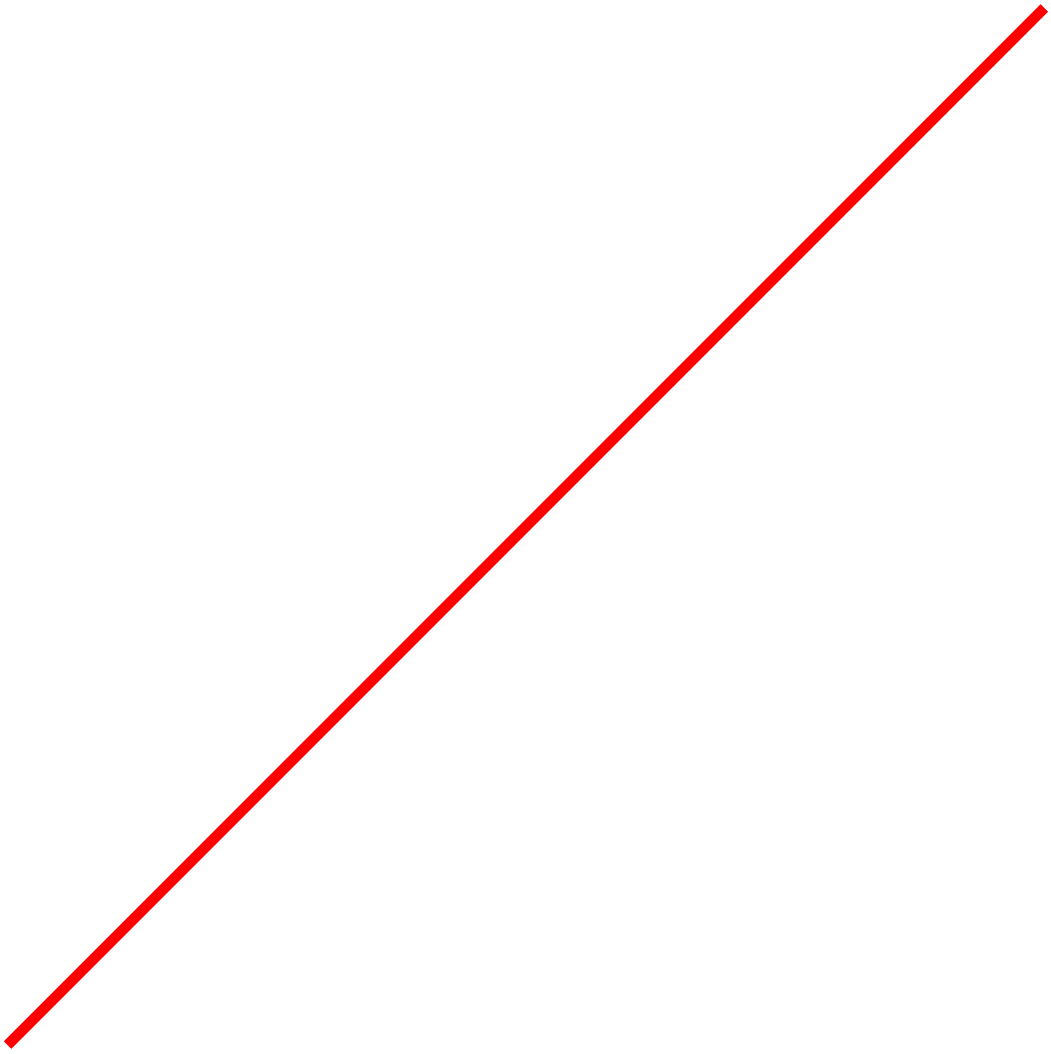
Midpoint















Total
Revenue
Before

O_1

P₁

Q₀

P₀

D₀

So

S₁





TR increase

● $e=1$



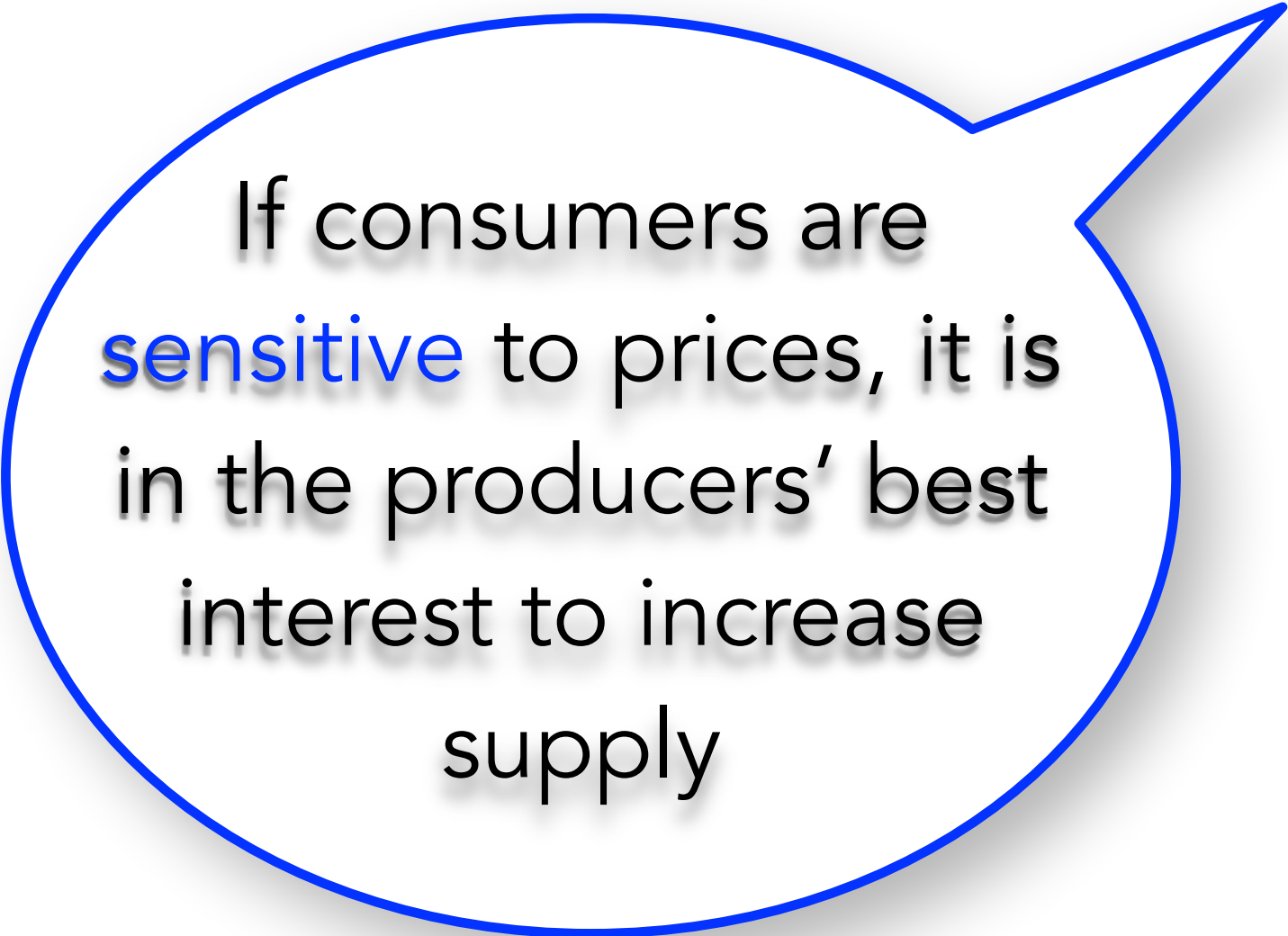


Total
Revenue
After

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** ($e > 1$)

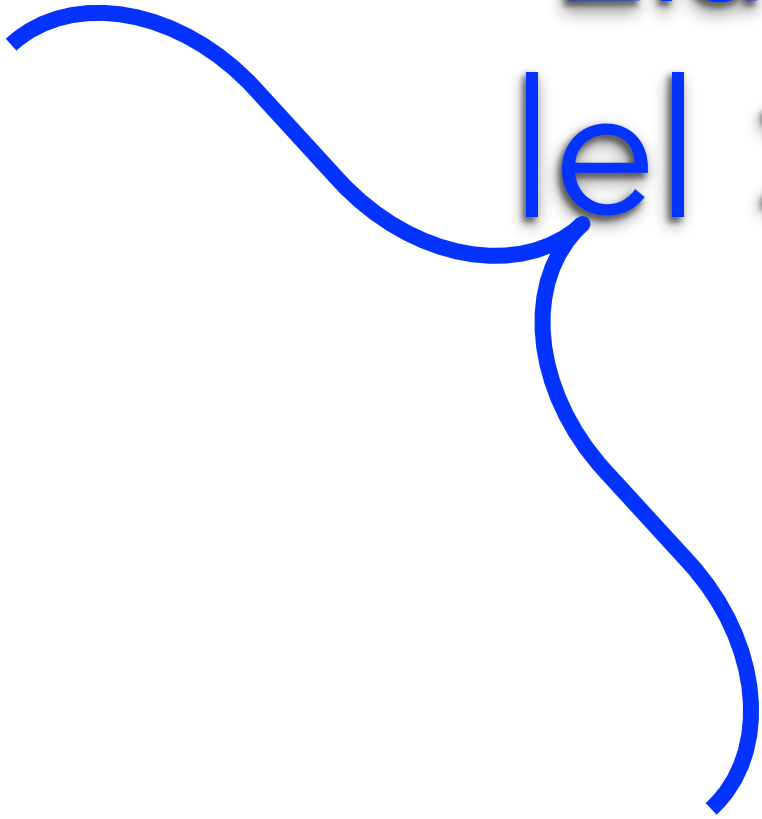
Loss

Gain

Loss

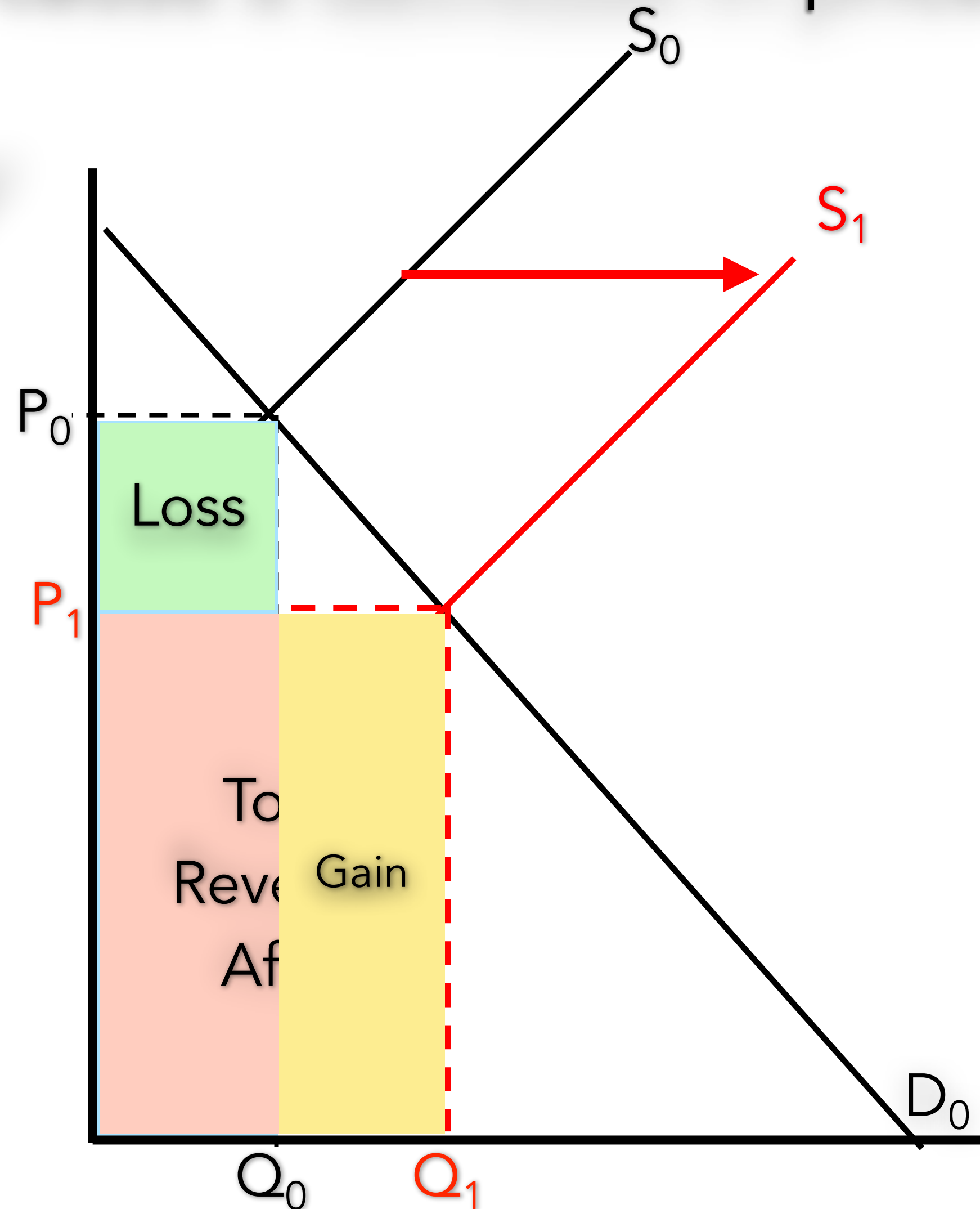
Elastic

$|e| > 1$

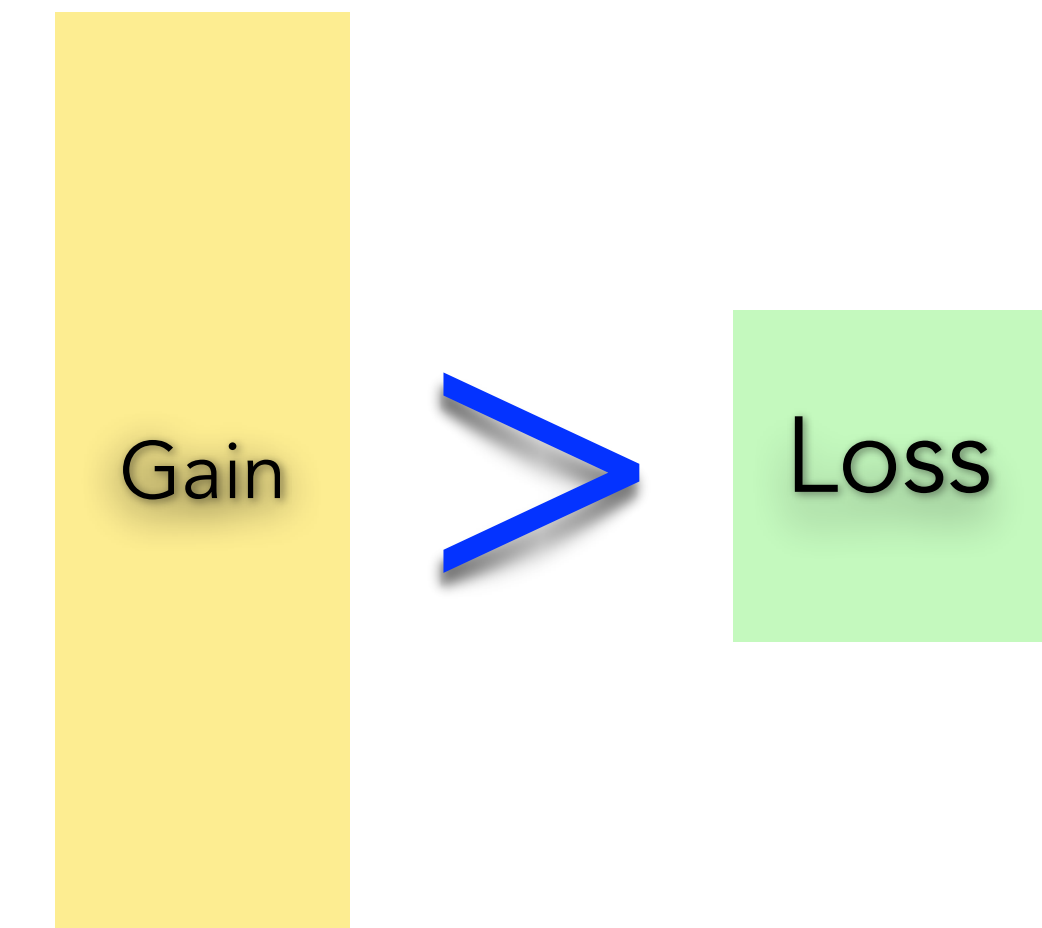


Increasing Supply, cause a decrease in price and an increase in Q^d

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



Because



TR increase

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

Price elasticity of Demand

