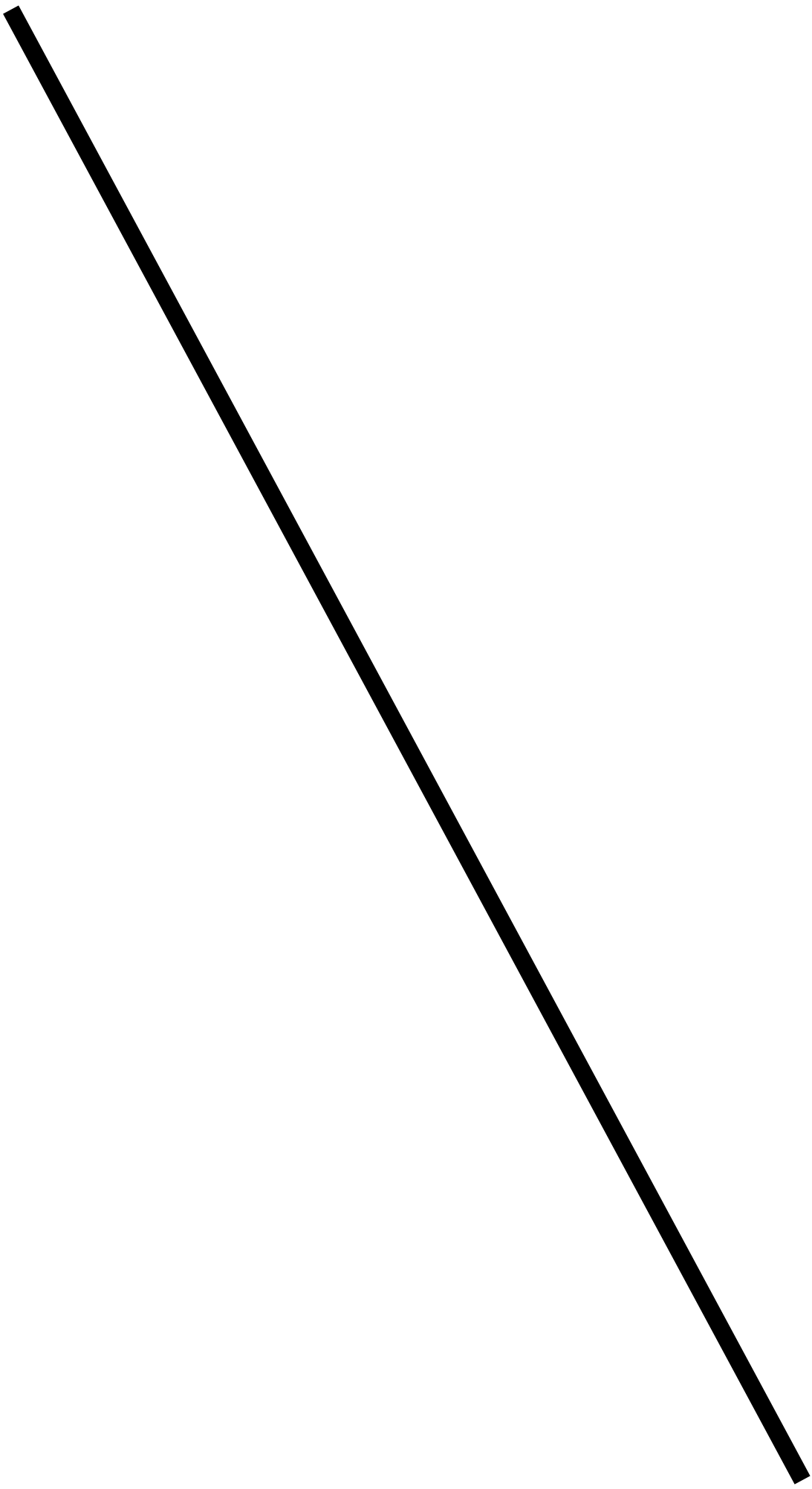
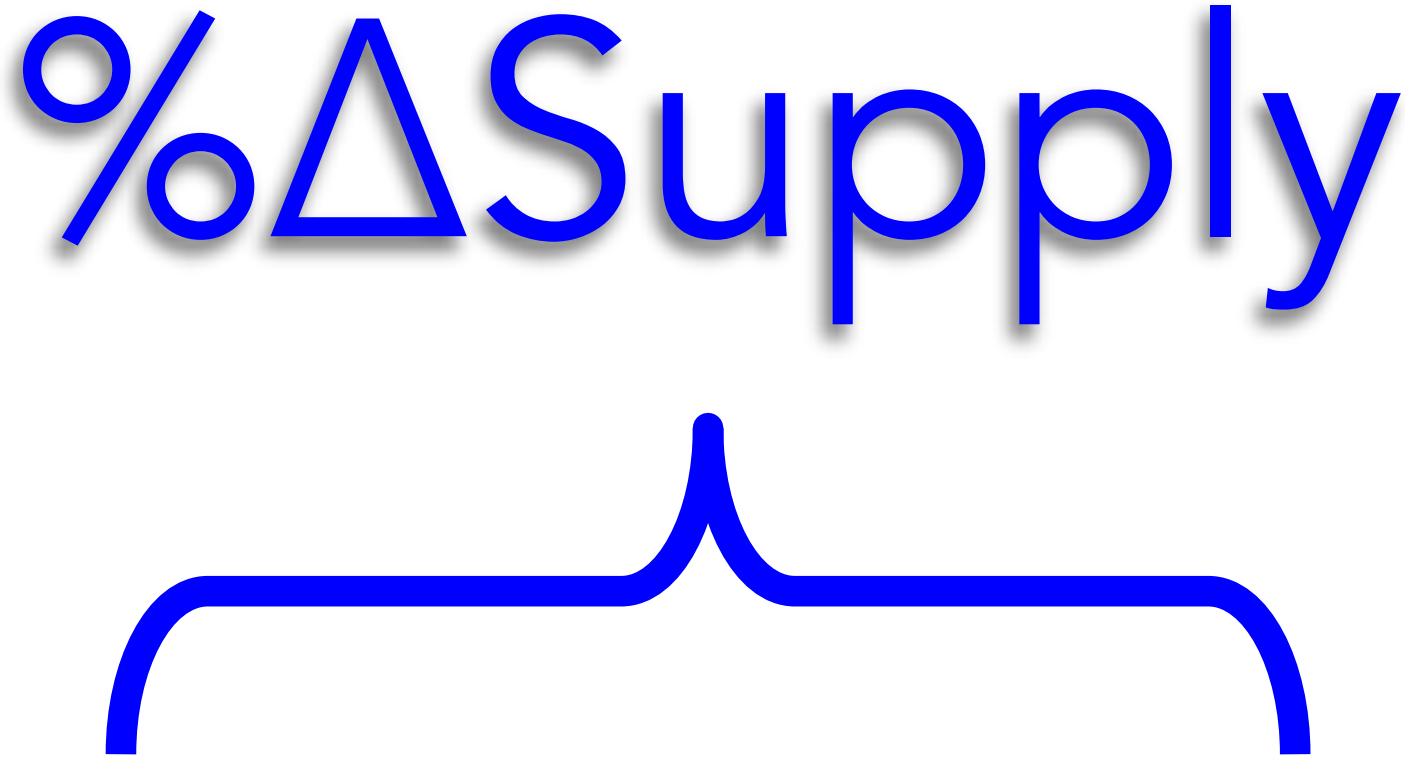
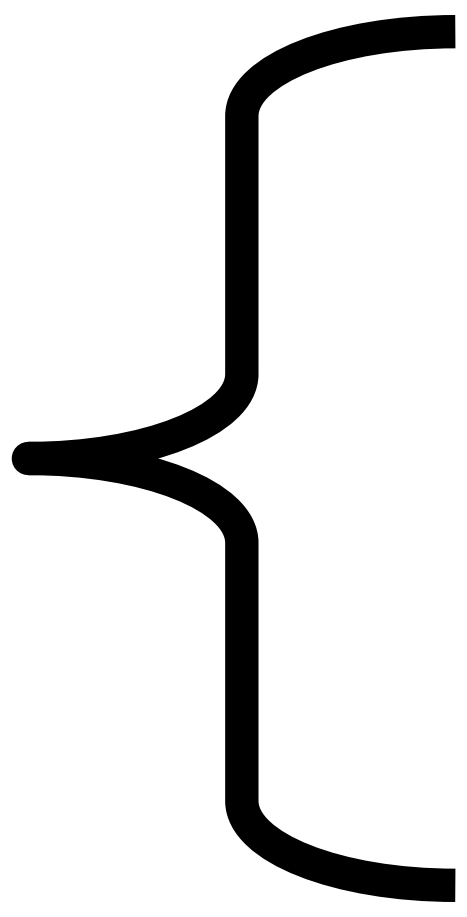
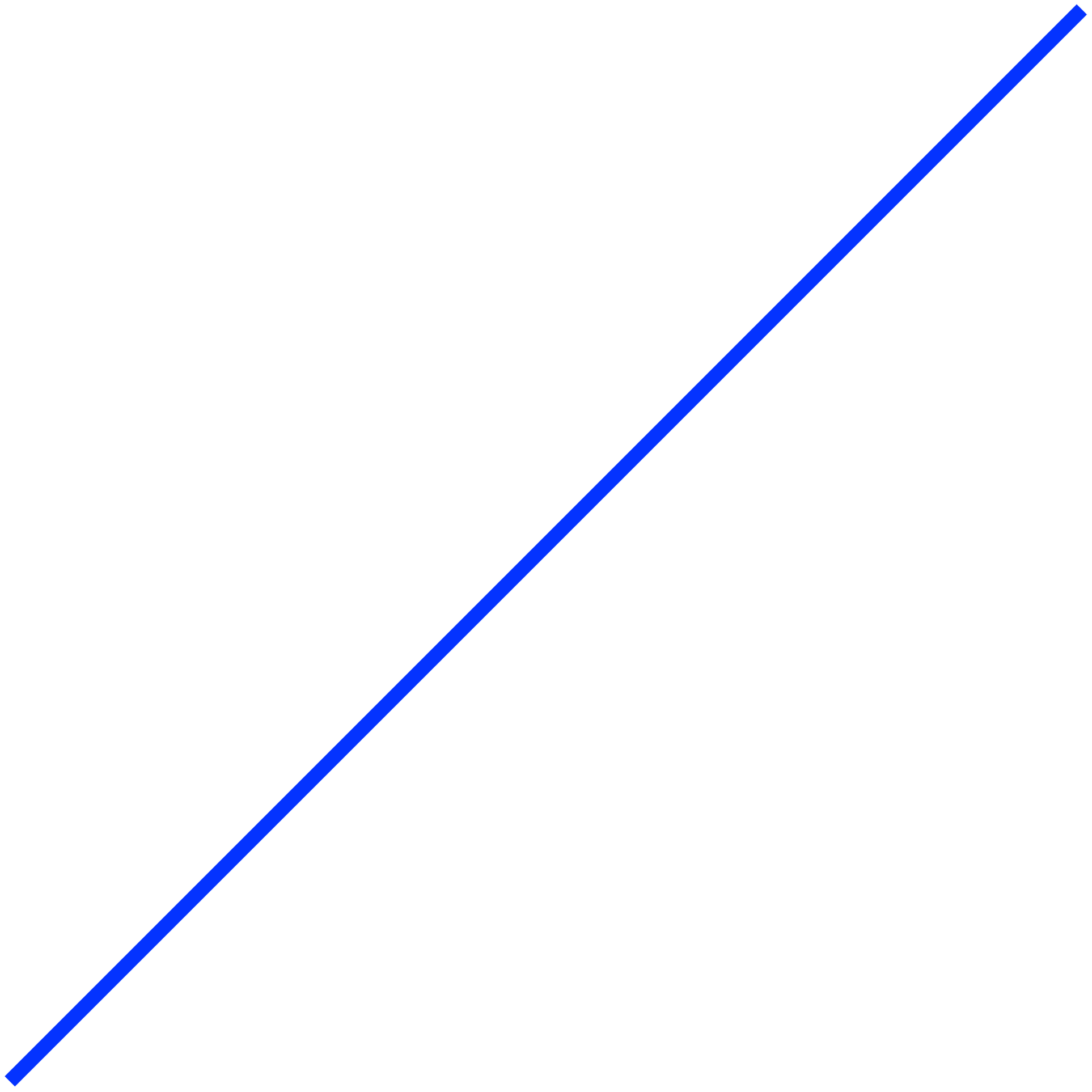
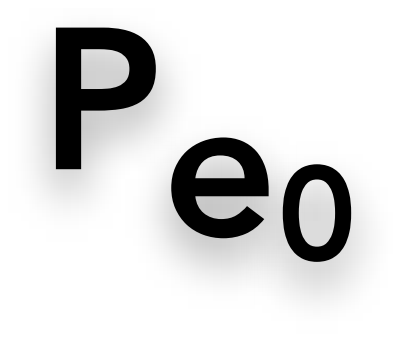
To calculate the resulting change in Equilibrium Price use the following formula:

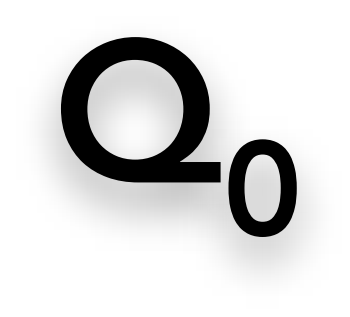



%ΔSupply






Pe0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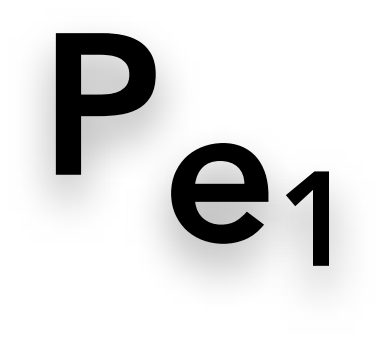
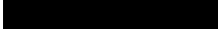

P
e1

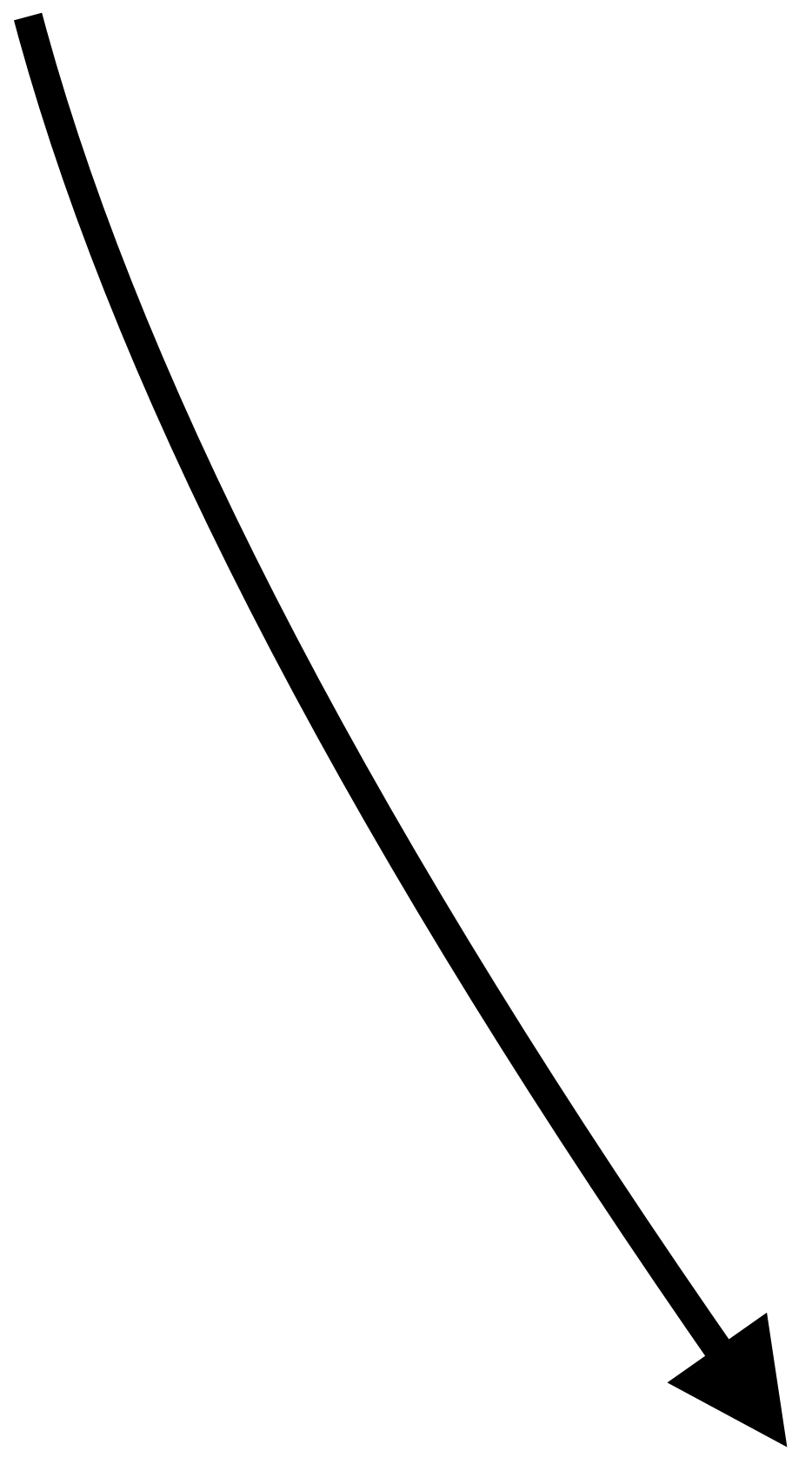
Q1

$$\frac{\%\Delta \text{Supply}}{(e^d + e^s)}$$

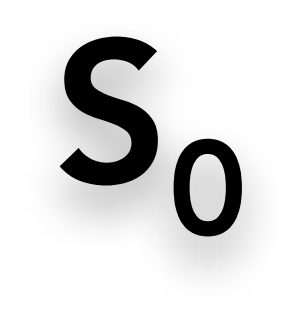
%Δ Equilibrium Price



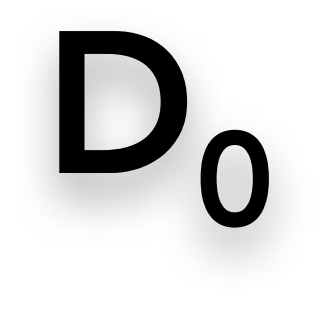
Negative!!!



If supply increase, *equilibrium* price decrease


S0

S1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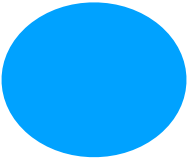
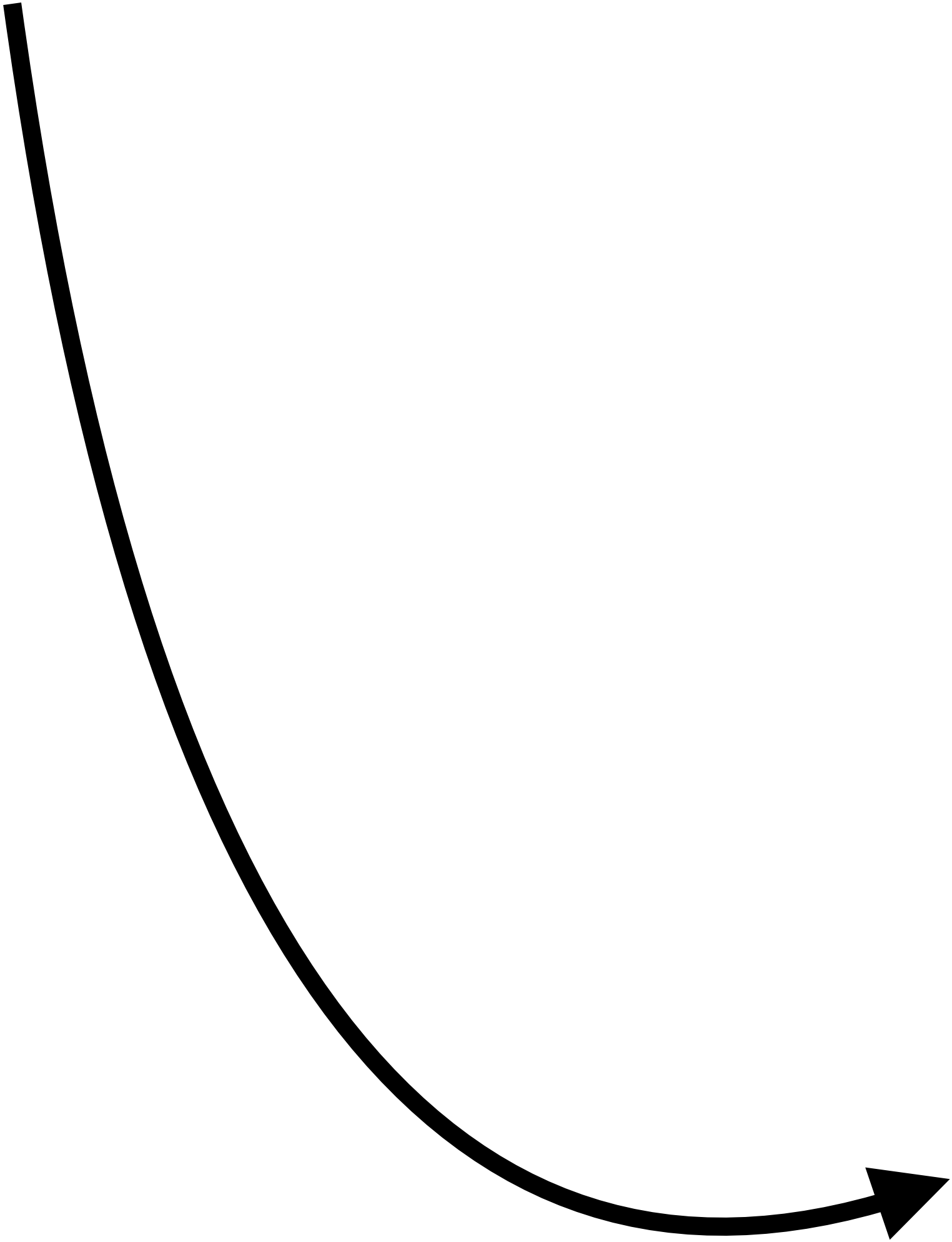


Absolute
Value

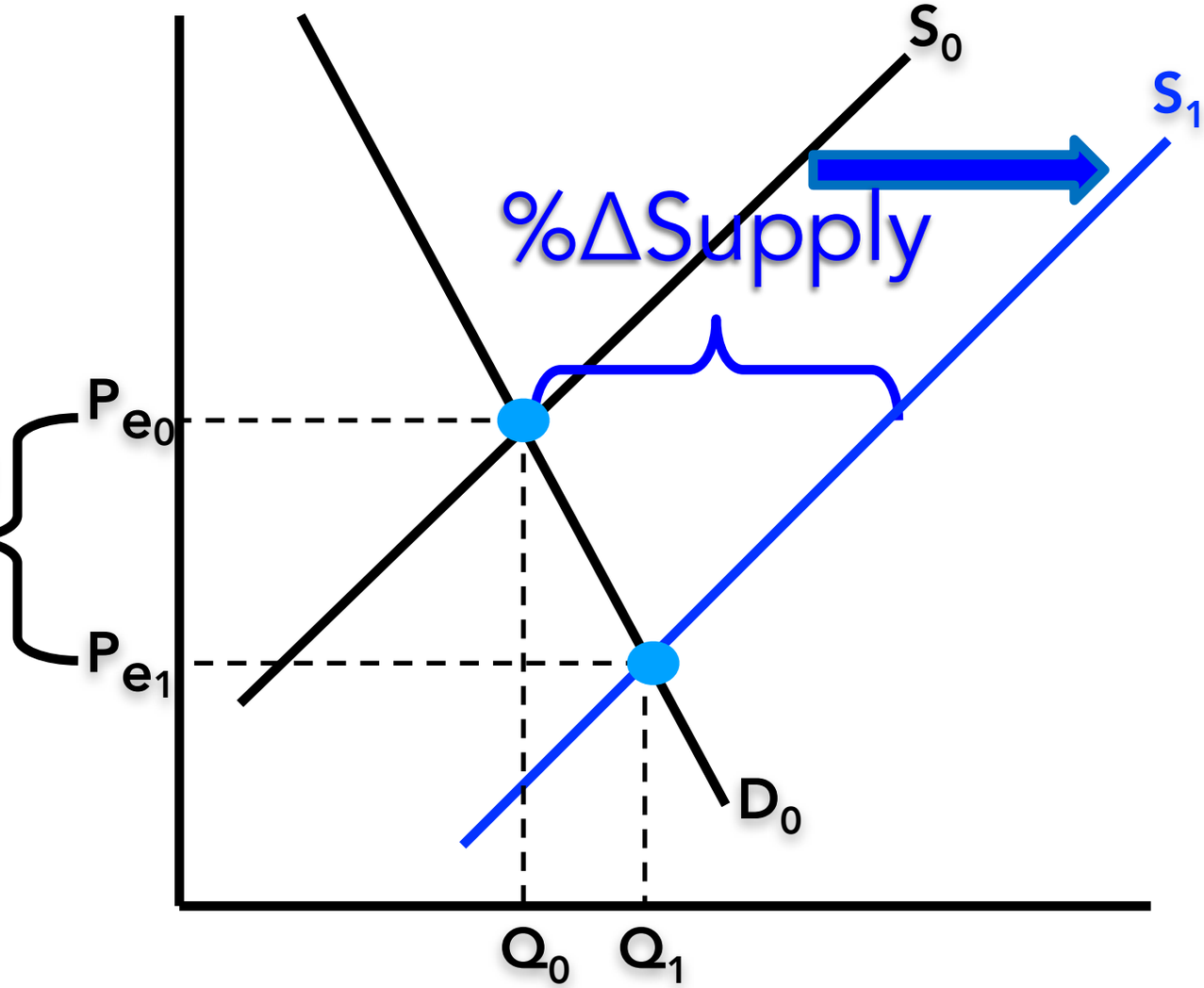
The Effect of an Increase in Supply

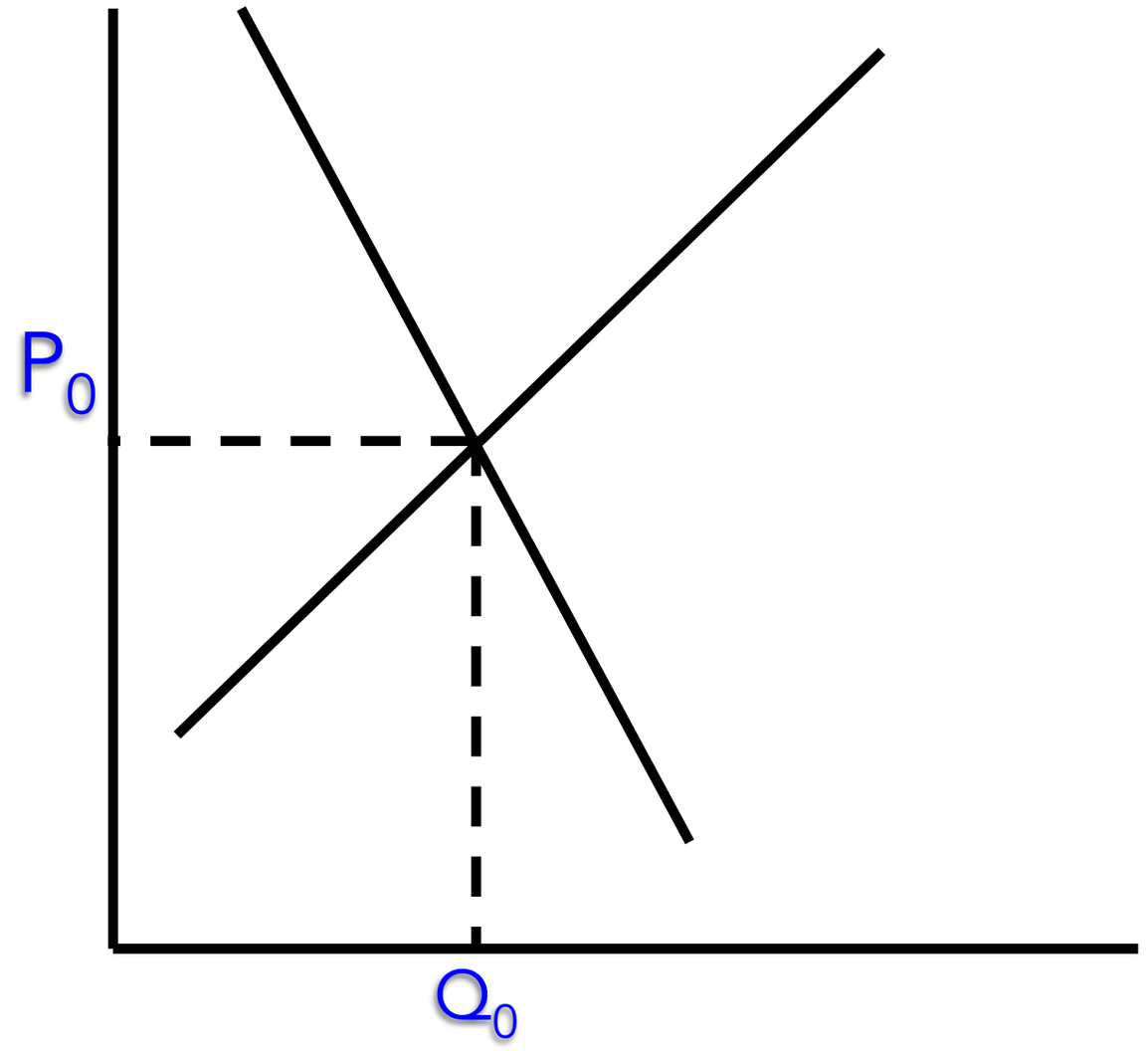


To calculate the resulting change in Equilibrium Price use the following formula:

Absolute Value

$$\%\Delta \text{ Equilibrium Price} = -\frac{\%\Delta \text{Supply}}{(|e^d|+e^s)}$$




P0
Q0