



If $Q_s = 0$

P

=

2

Price

Quantity

Qs

=

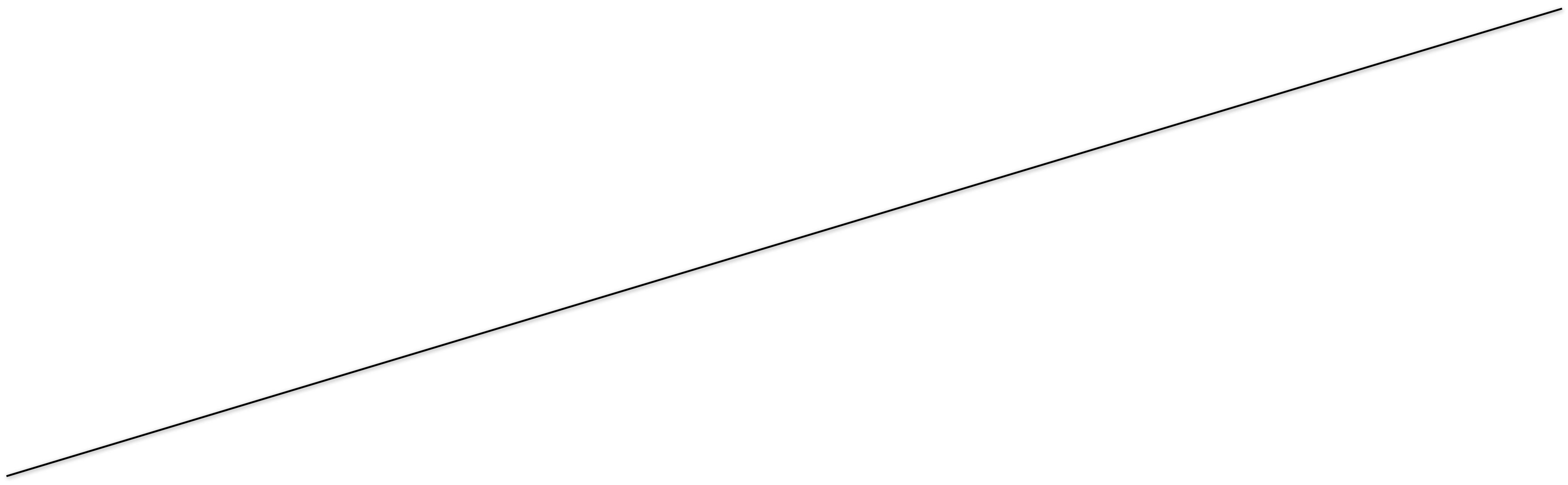
-

1

1

If P = 0

$$Q^S = -11$$



New Supply

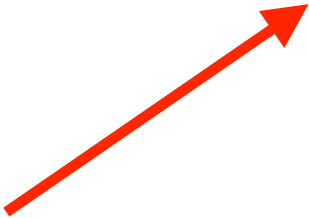
0 = -1 + 5.5P

11 = 5.5P

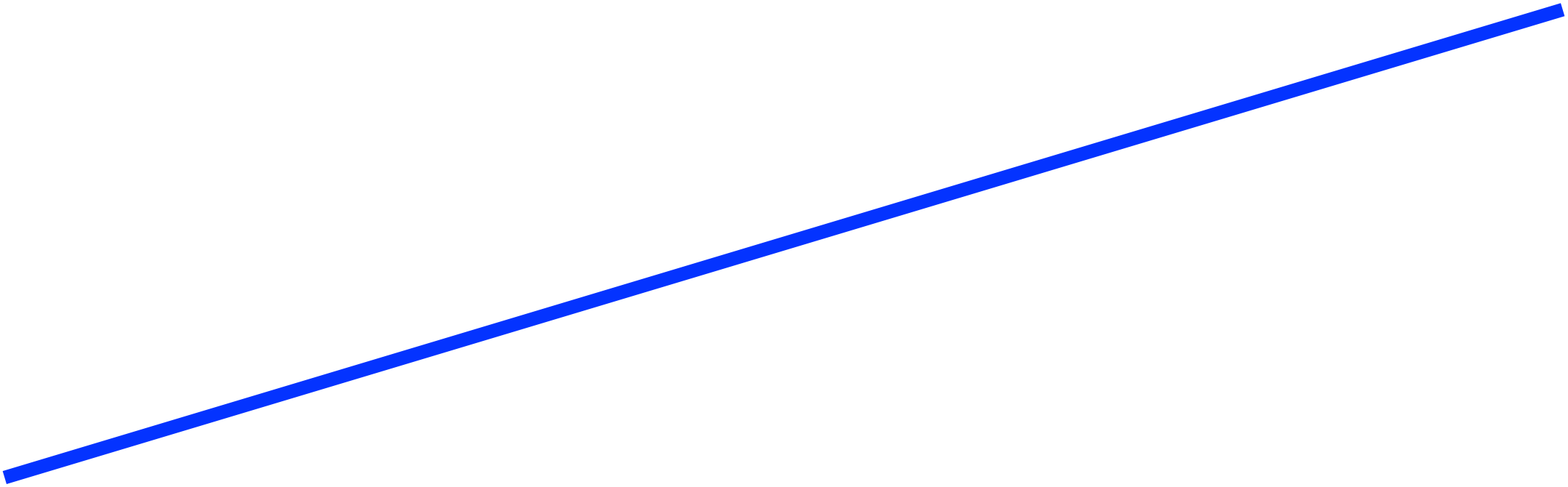
$$P = 11/5.5$$



$$Q^s = 0$$



$P = 0$



Qs = -10 + 5P

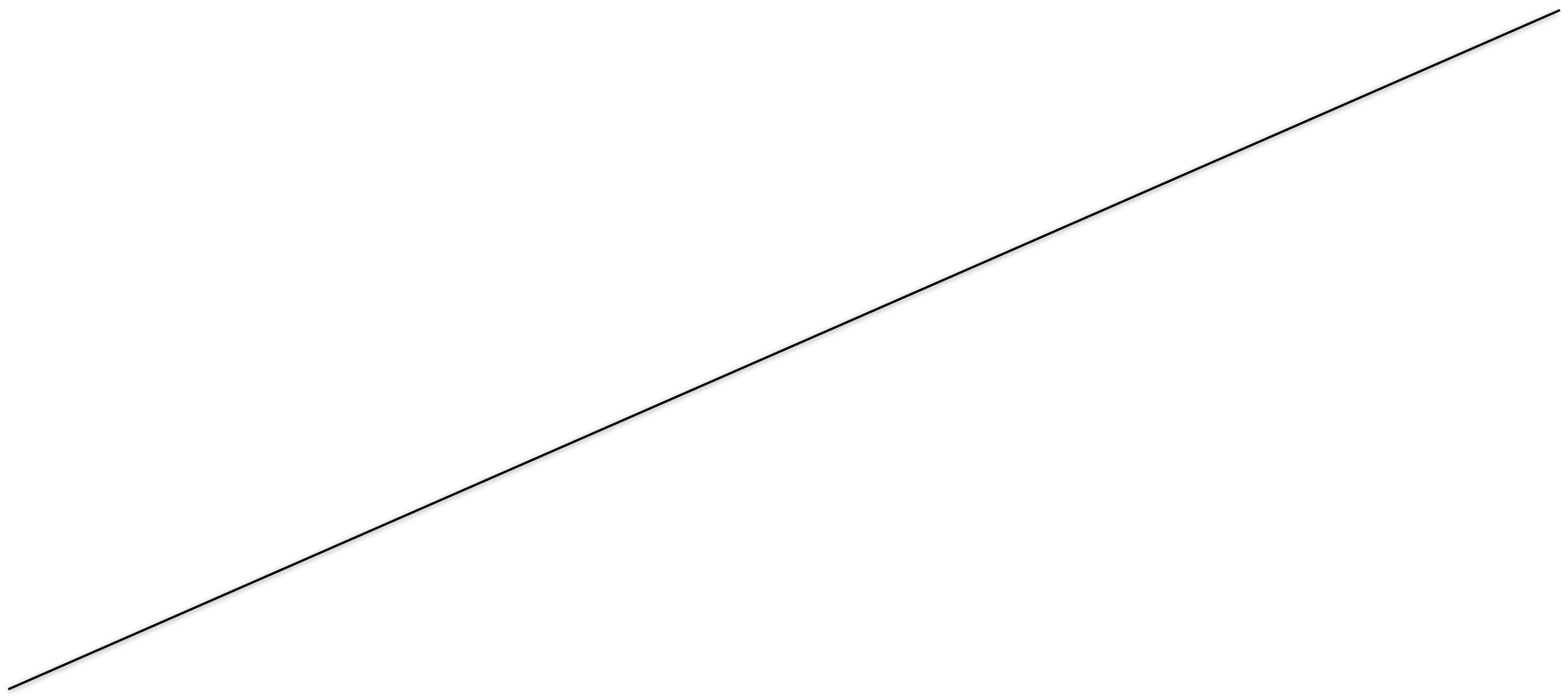
An Improvement in technology allows producers
to produce 10% more at all prices

$$\text{New } Q^s = (-10 + 5P) \quad (1.1)$$

$$\text{New } Q^s \equiv -10(1.1) + 5P(1.1)$$

New Supply is 10% larger
than old supply

$$Q^S = -10$$



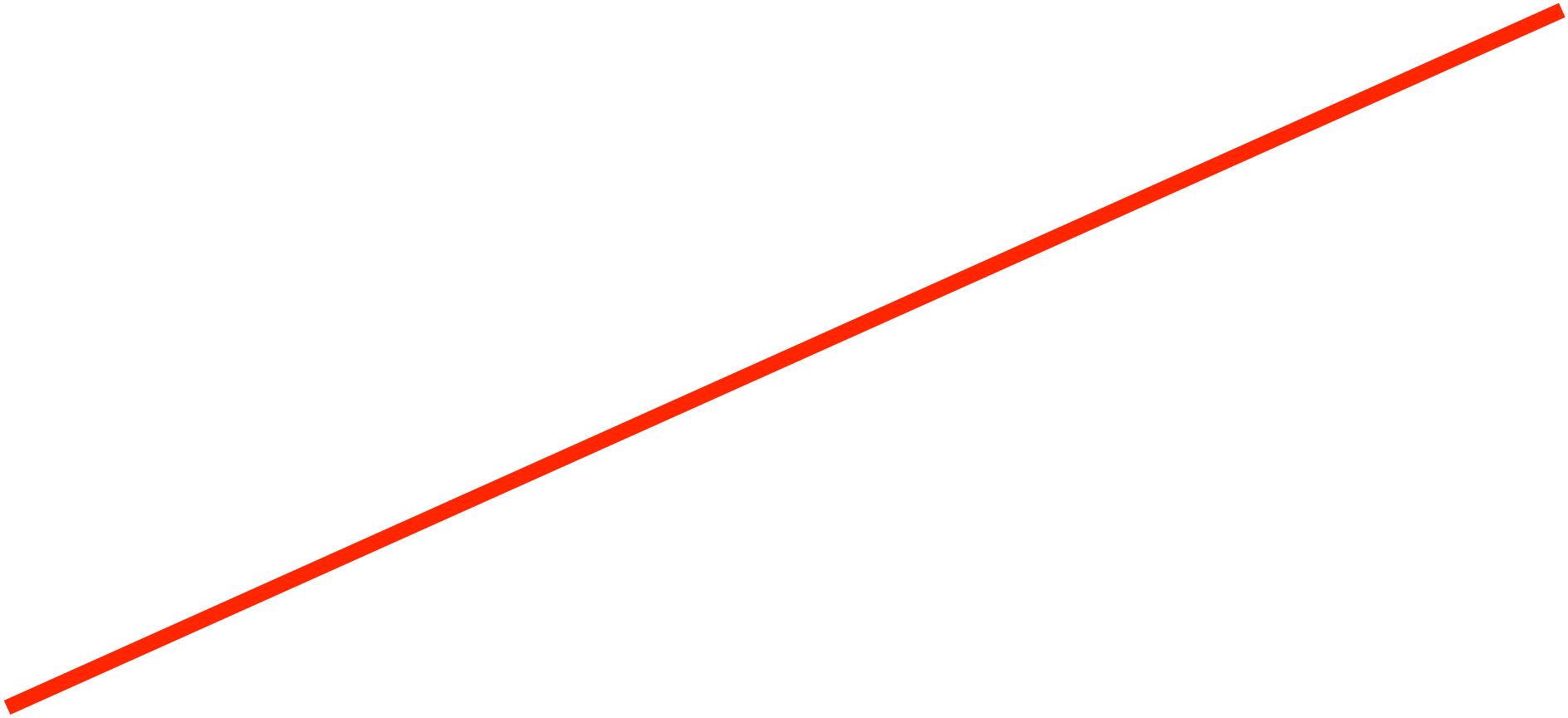
Original Supply



P

=

2



NewQs \equiv -11 + 5.5P

P

=

2



S





9

e



2







$$\text{slope} = 2/1/1$$

S

















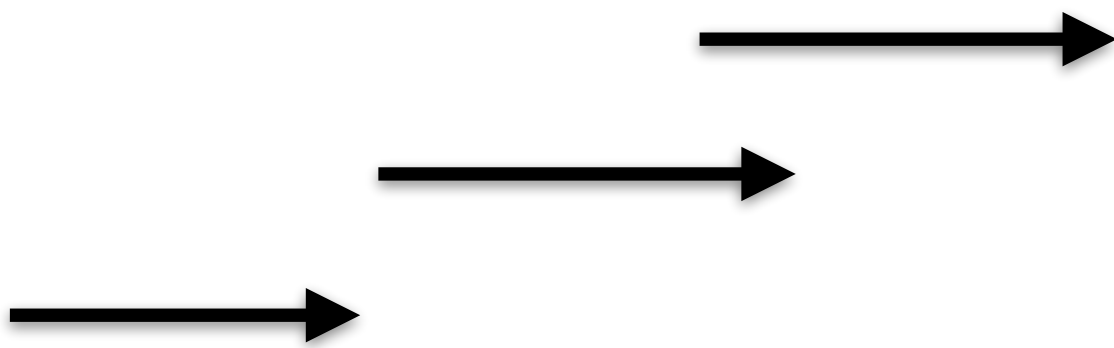
2











NOT a parallel shift







Q₂^s = -10 + 5P

$$\text{NewQs} = -11 + 5.5P$$

$$\text{slope} = 2/10$$

Steep(er)

Flatter

An Improvement in technology allows producers
to produce 10% more at all prices

$$Q^s = -10 + 5P$$

$$\text{New } Q^s = (-10 + 5P) (1.1)$$

$$\text{New } Q^s = -10 (1.1) + 5P (1.1)$$

$$\text{New } Q^s = -11 + 5.5P$$

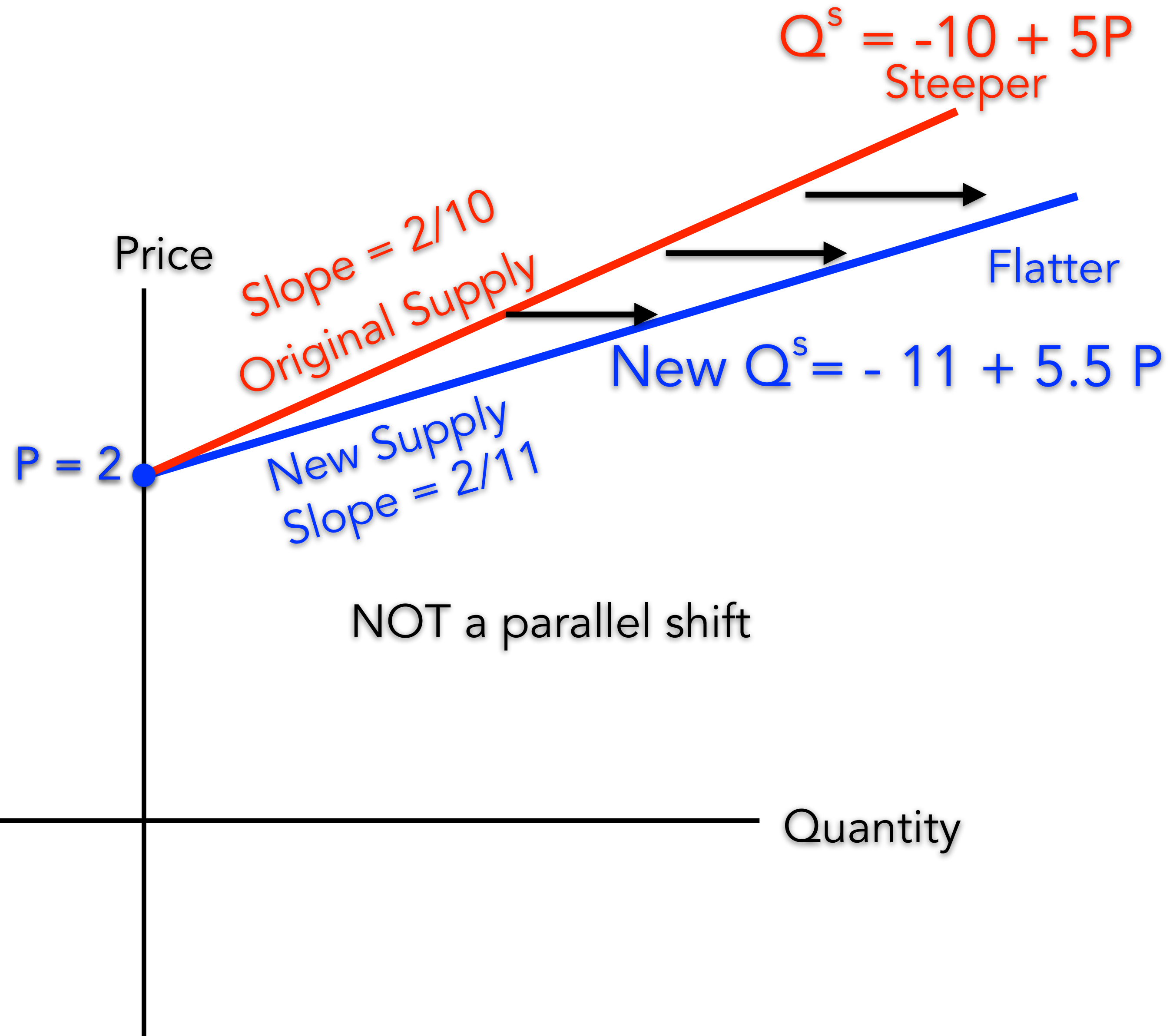
$$\text{If } Q^s = 0$$

$$0 = -11 + 5.5P$$

$$11 = 5.5P$$

$$P = 11/5.5$$

$$P = 2$$



$$Q^s = -10 + 5P$$

Price

Quantity