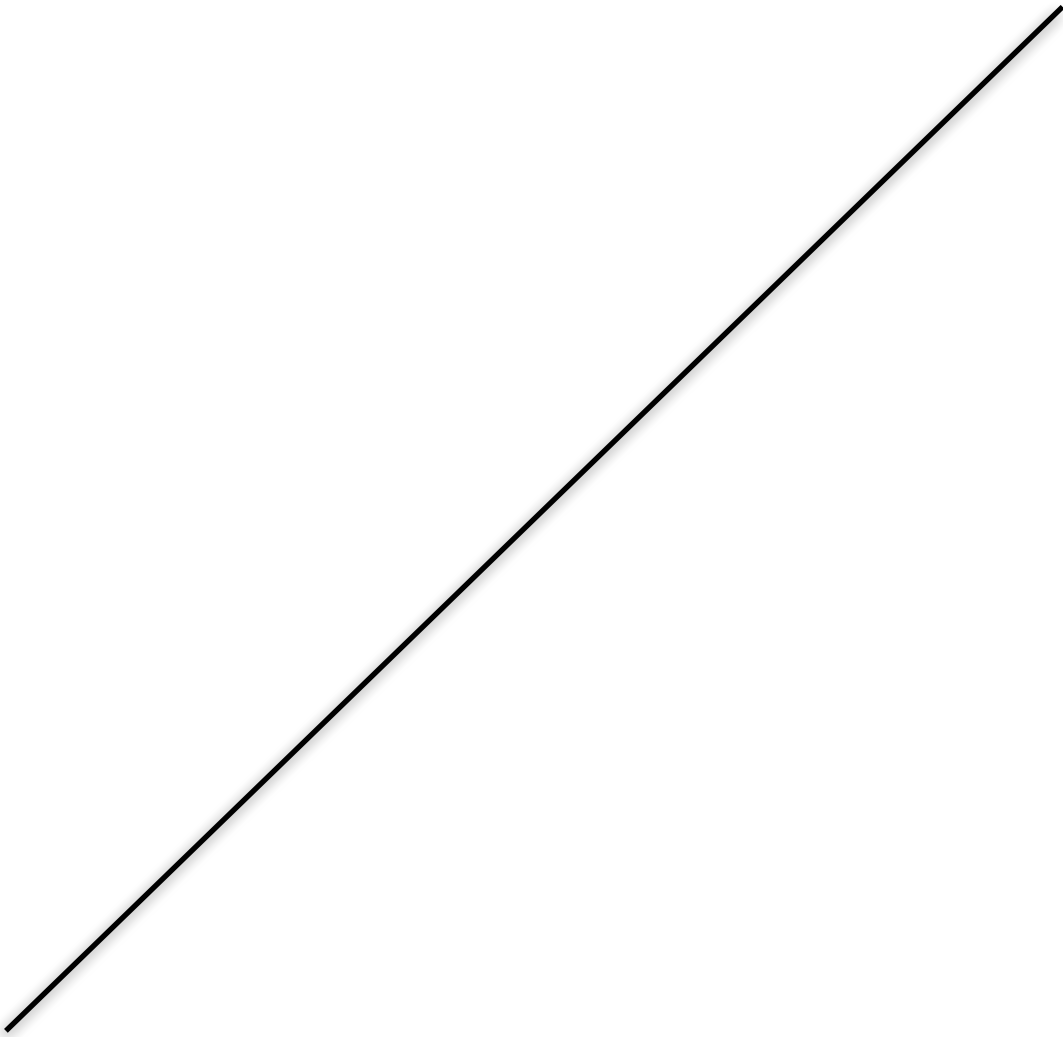


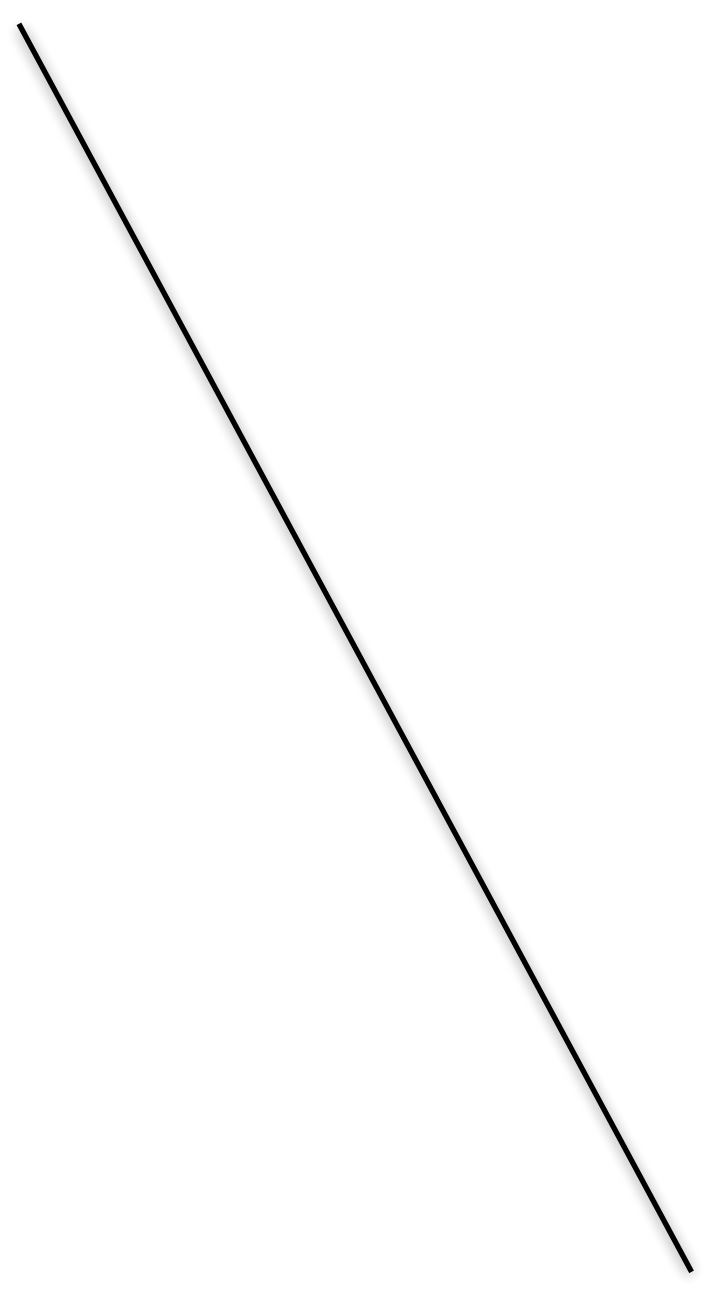


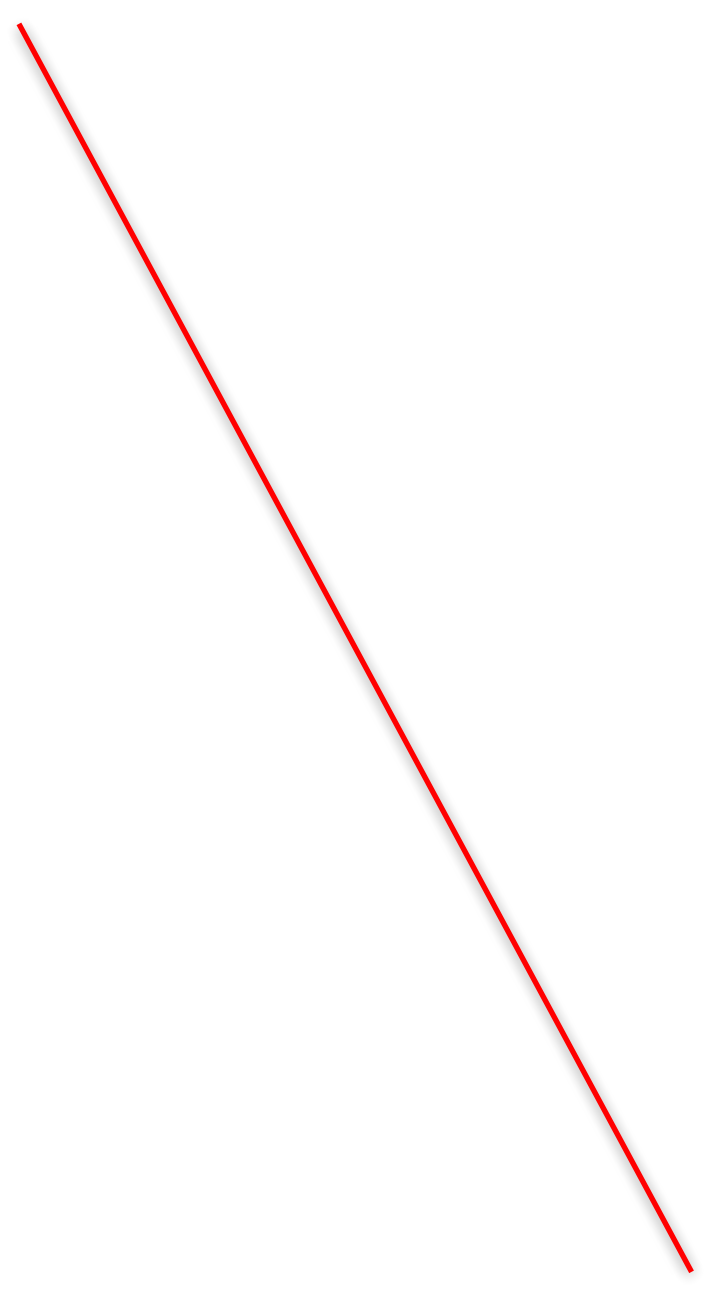
To calculate the change in equilibrium price  
use the following formula:







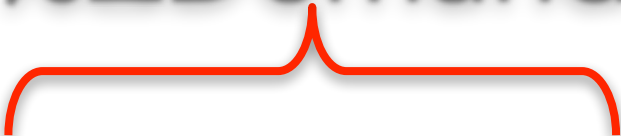








$\% \Delta \text{Demand}$

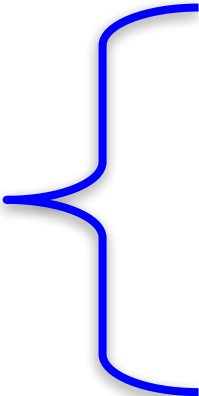


% $\Delta$  Demand

( $e^d + e^s$ )







P

O







P

1

Q

1





%ΔPe

**%ΔPe =**

# The Effect of an Increase in Demand









So

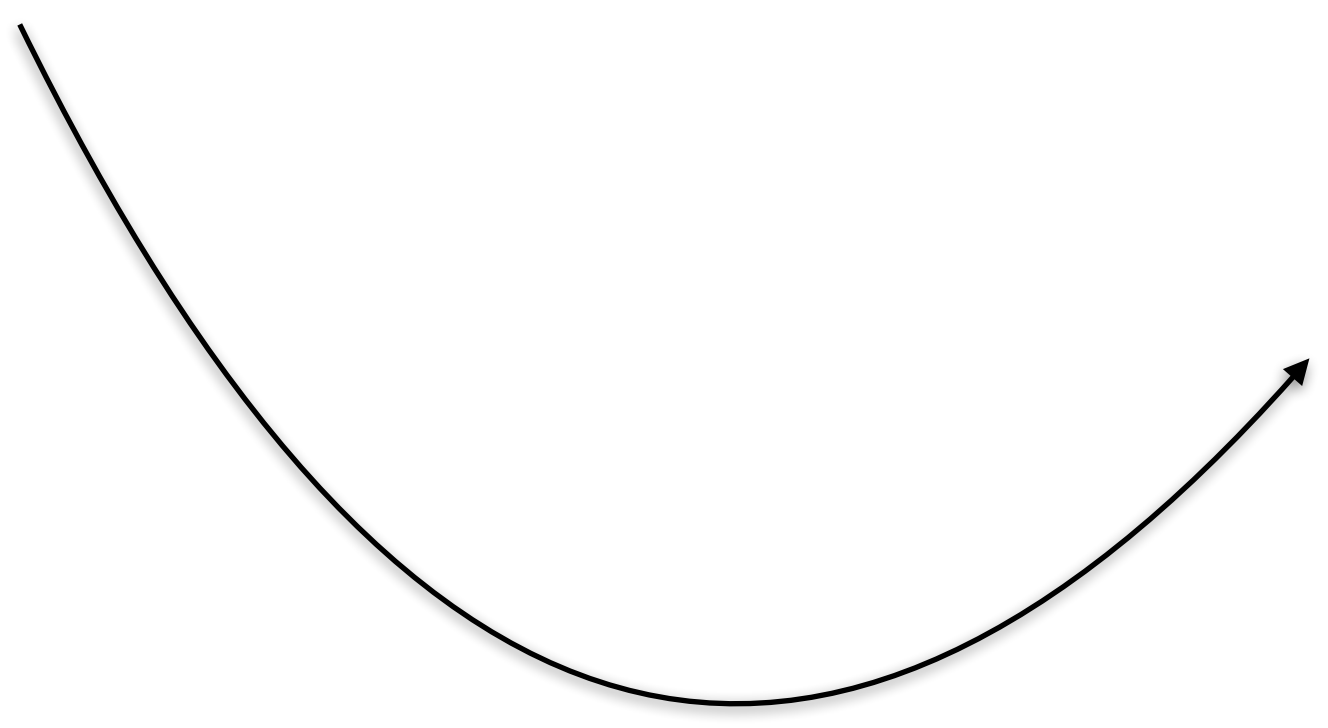
D<sub>1</sub>

Do

Positive!!!



If demand increase, *equilibrium* price increase







Absolute Value

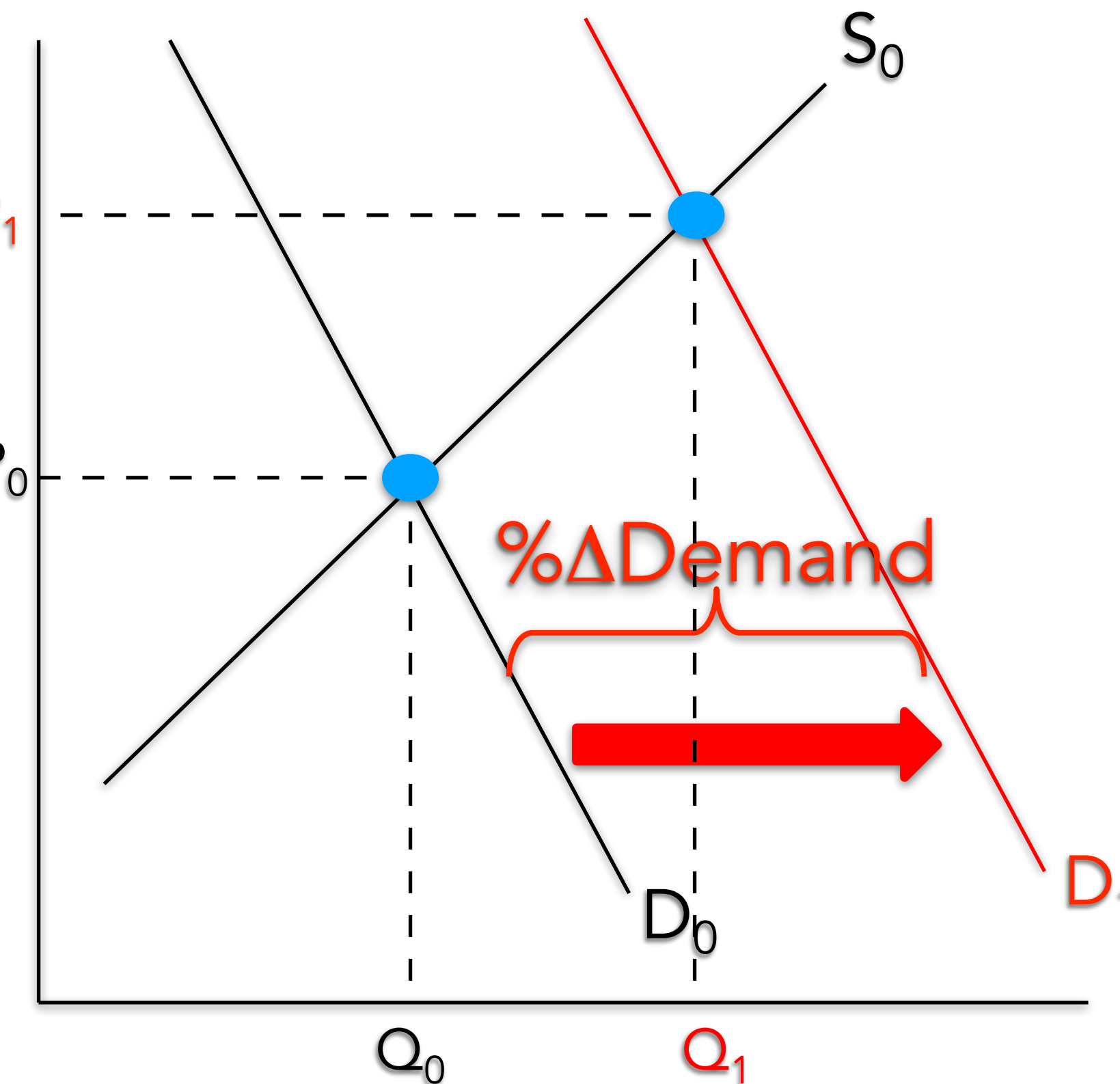
To calculate the change in **equilibrium price**  
use the following formula:

$$\% \Delta P_e = + \frac{\% \Delta \text{Demand}}{(|e^d| + e^s)}$$

Positive!!!

Absolute Value

$\% \Delta P_e$



If demand increase, **equilibrium** price increase

