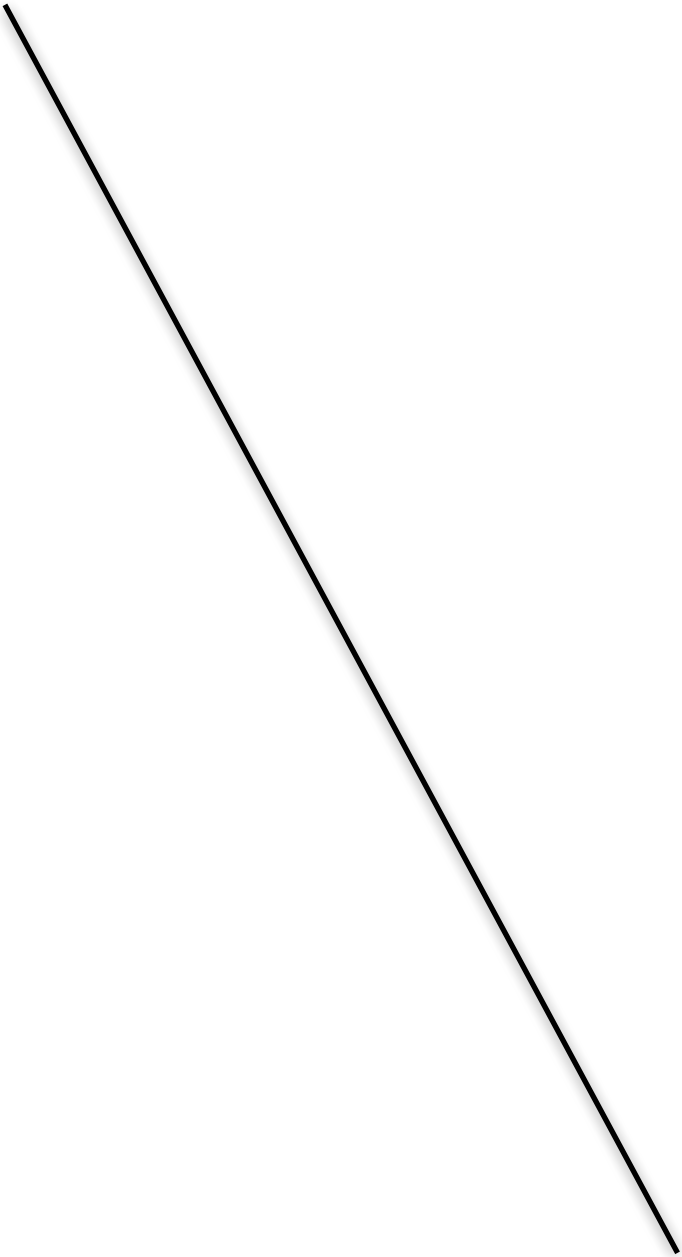
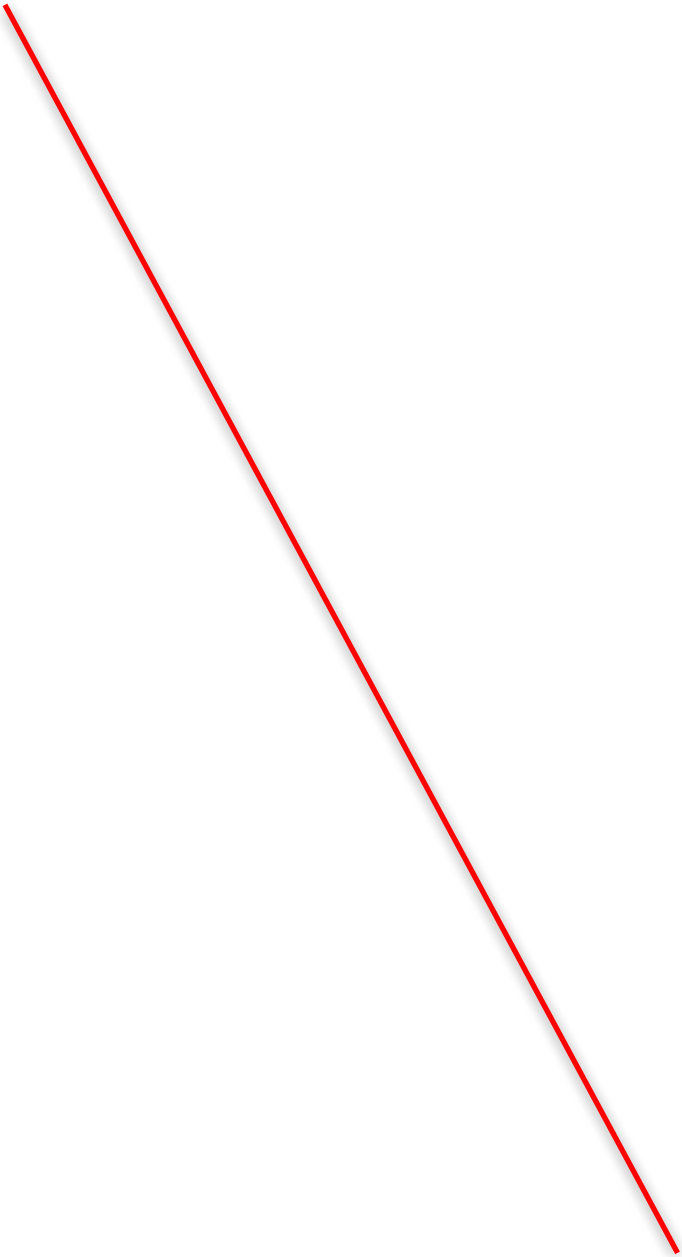
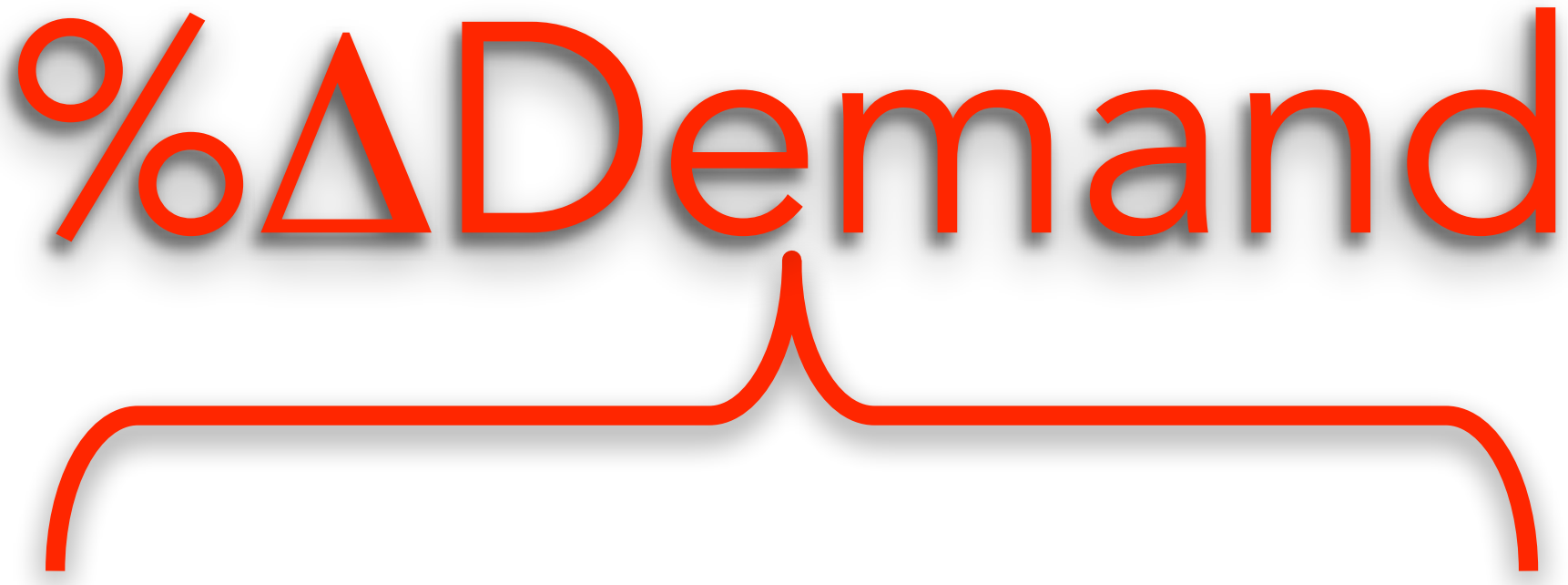
To calculate the change in equilibrium price use the following formula:

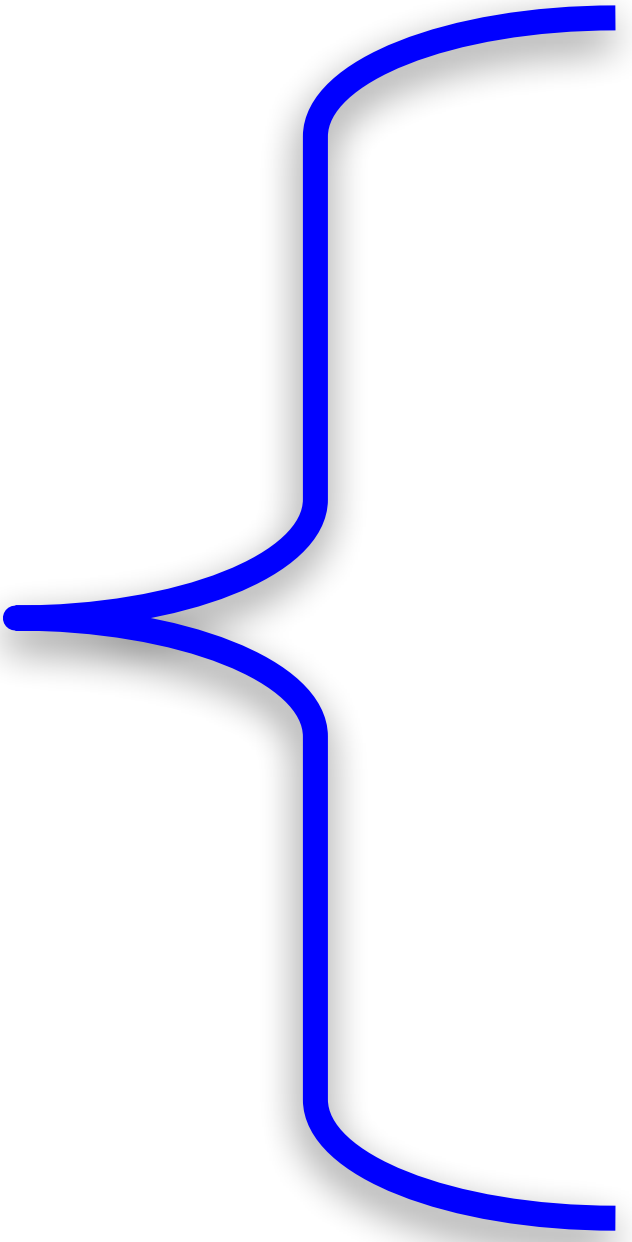


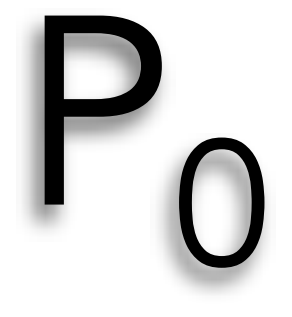



%ΔDemand

$$\%\Delta \text{ Demand}$$

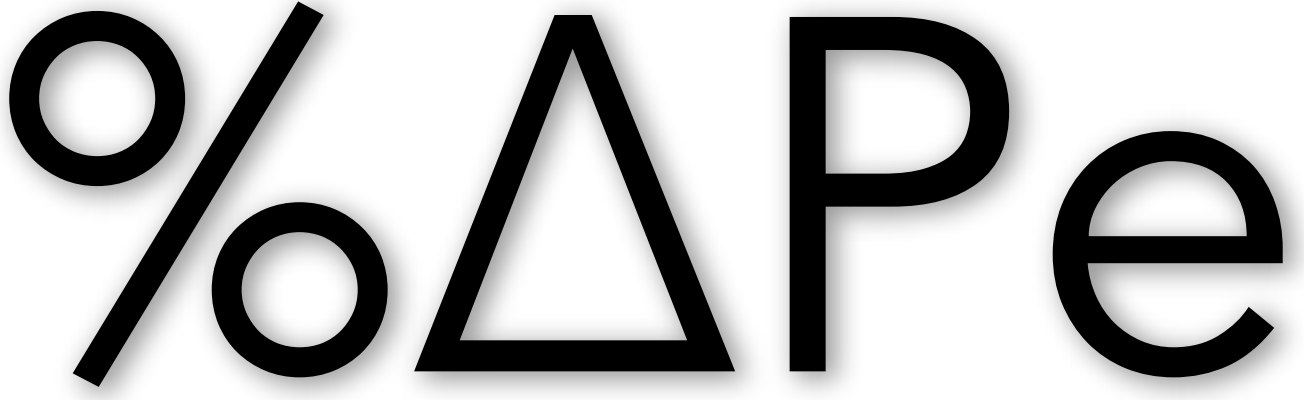
$$(e^d + e^s)$$




P0

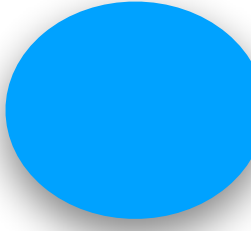
P1

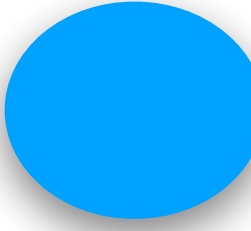
Q1

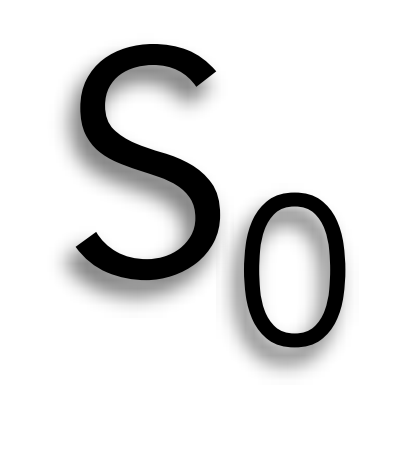

%ΔPe

$$\%\Delta Pe =$$

The Effect of an Increase in Demand





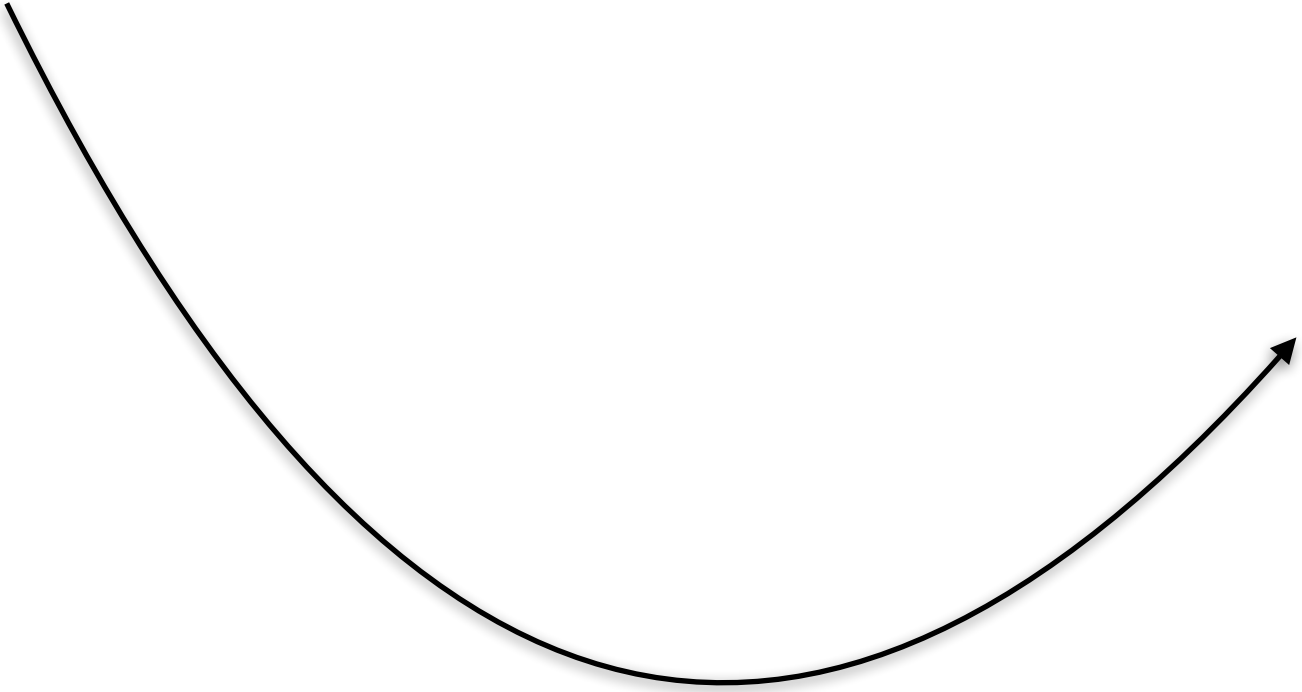

S0

D1

D0

Positive!!!

If demand increase, *equilibrium* price increase



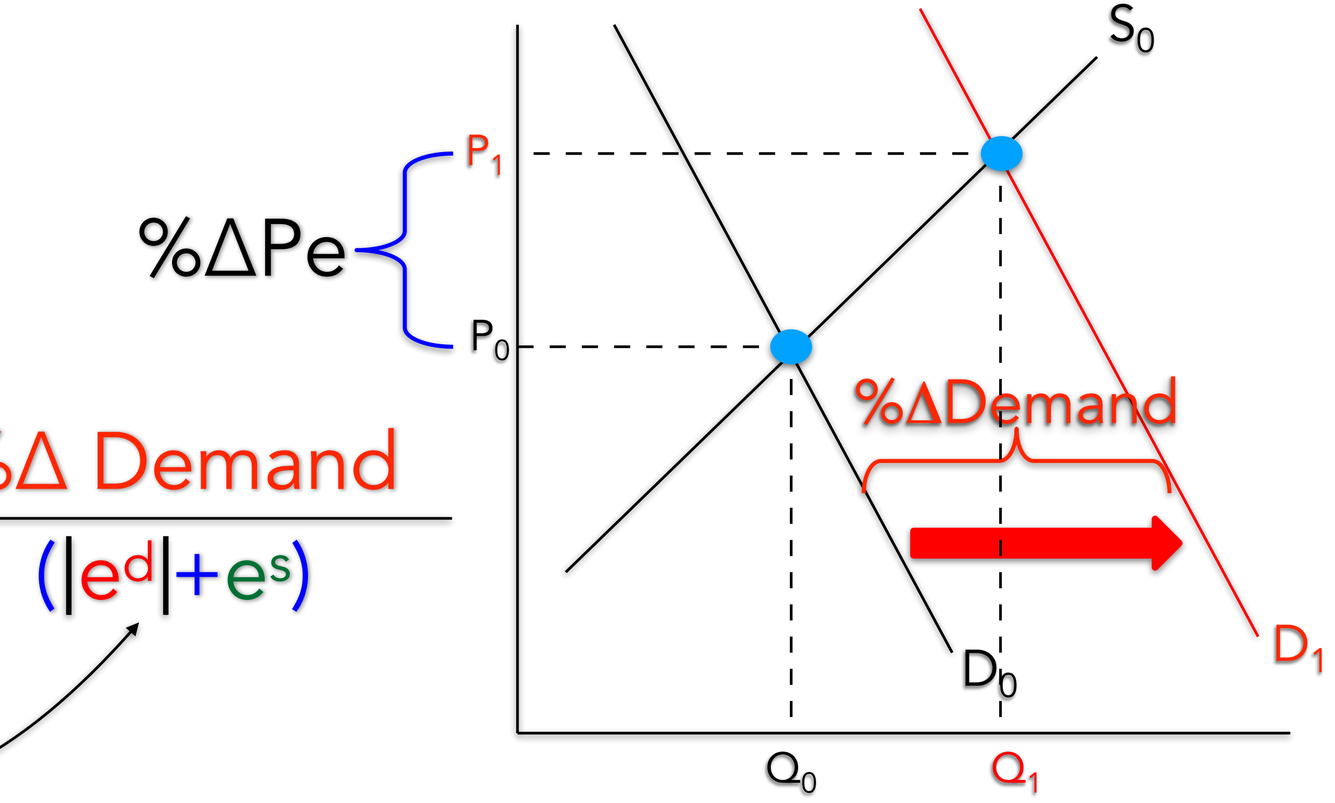
Absolute Value

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

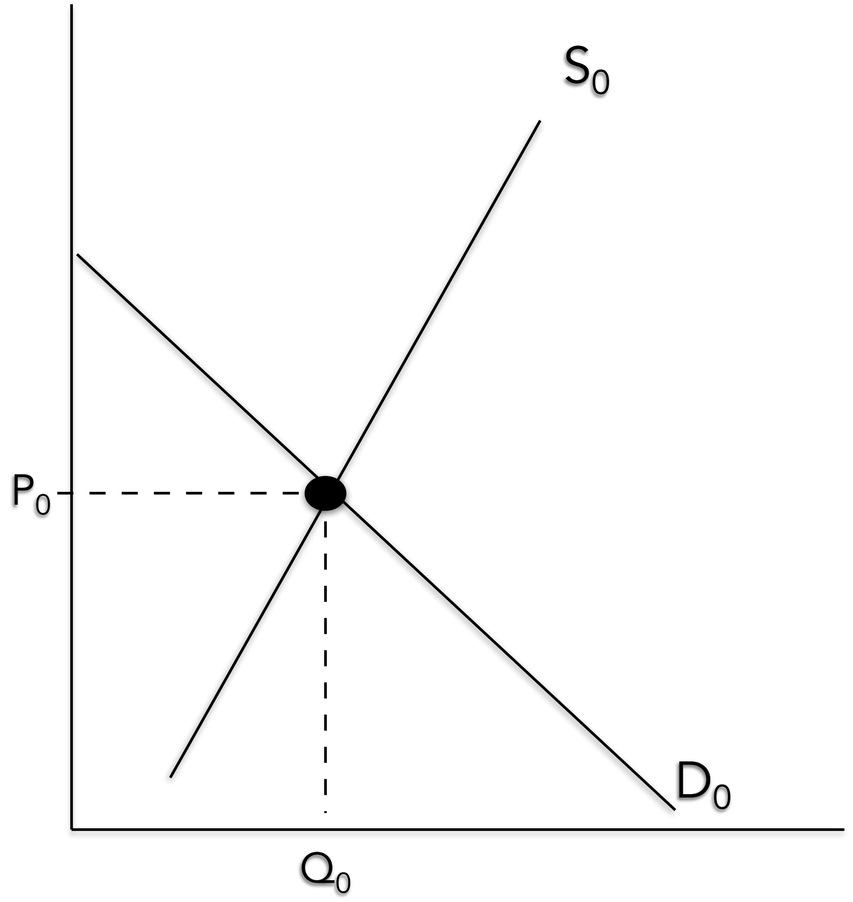
Positive!!!

Absolute Value

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



If demand increase, *equilibrium* price increase


S_0
P_0
D_0
Q_0