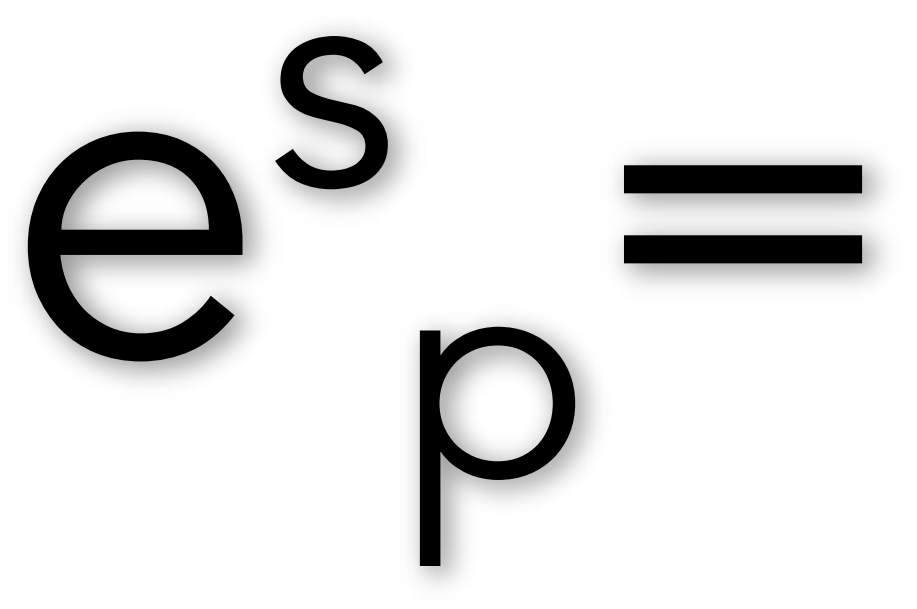
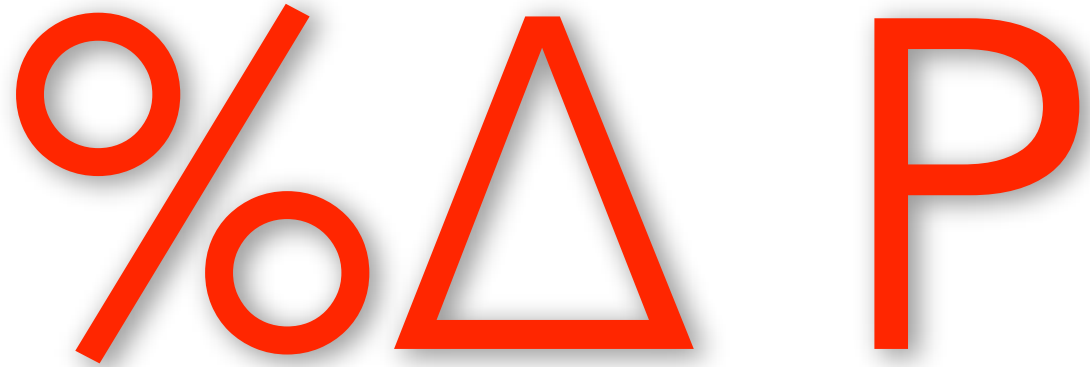
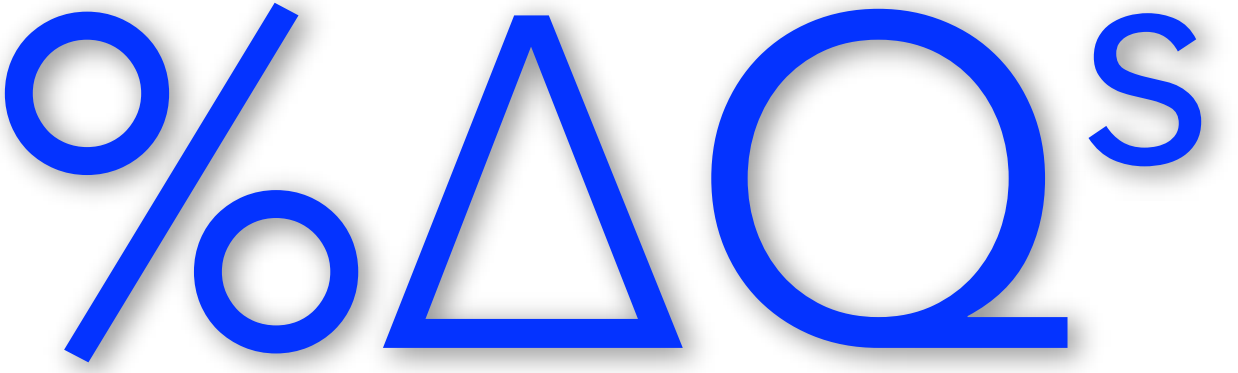
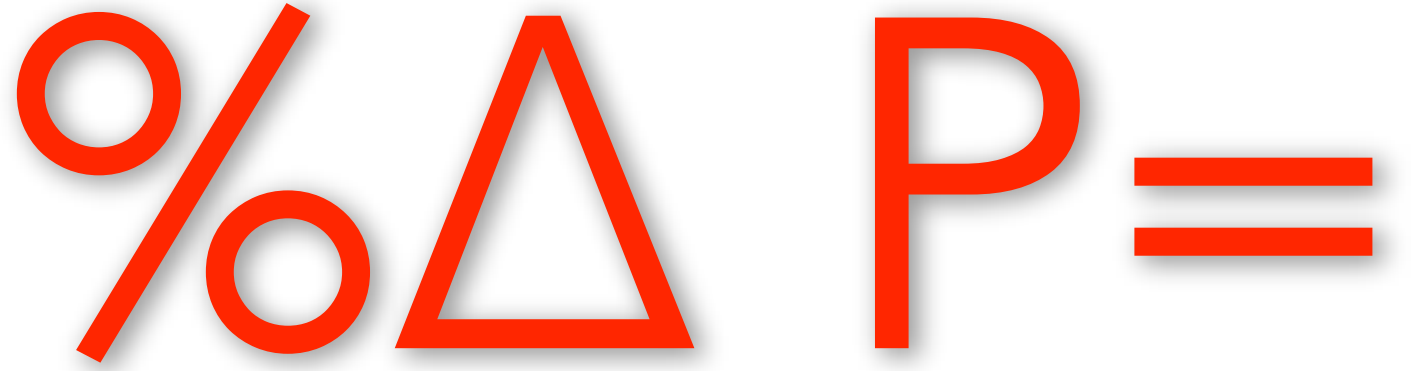
The price elasticity of Supply is 2: Elastic Supply

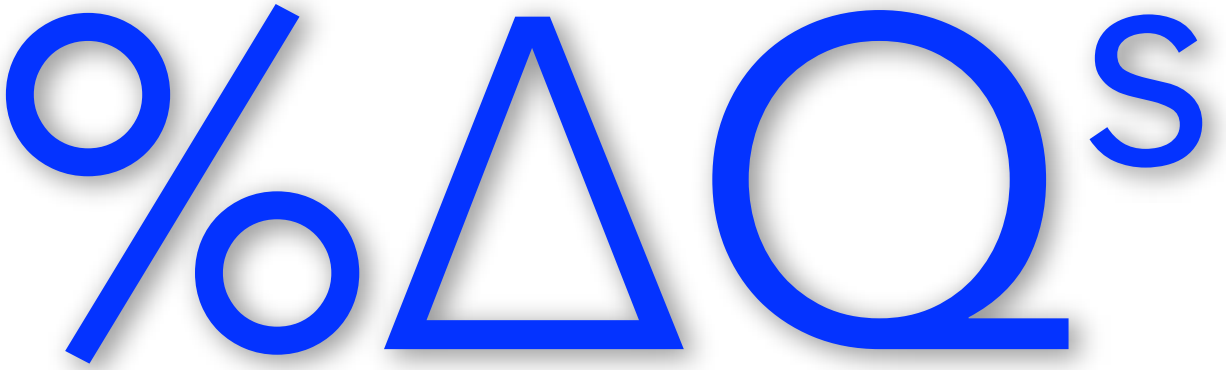
What is the change in price necessary to induce a 10% increase in Quantity Supplied?

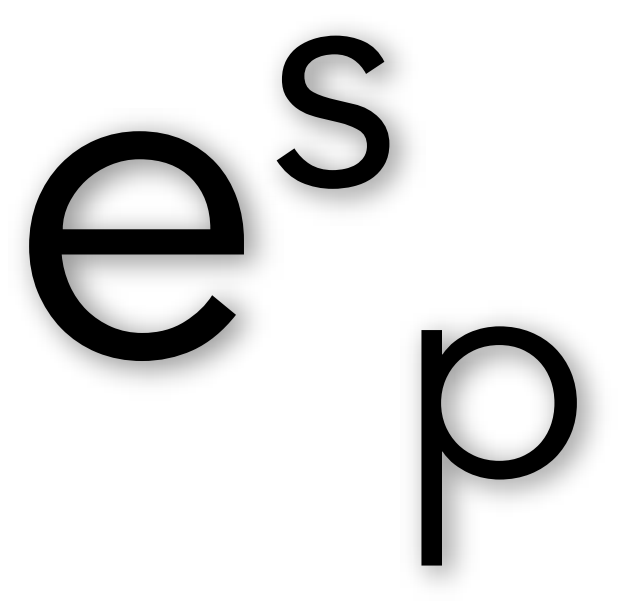

e^s
p =

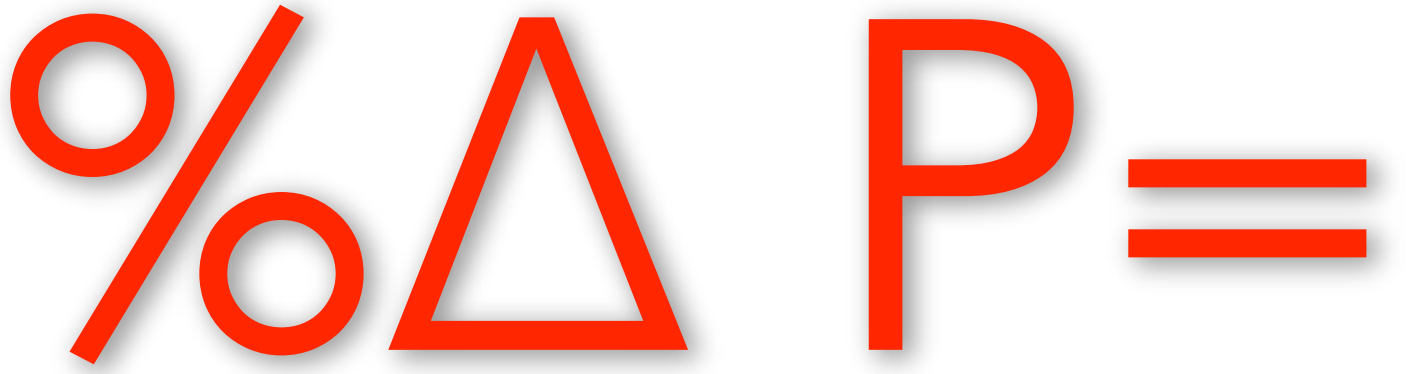

%ΔP



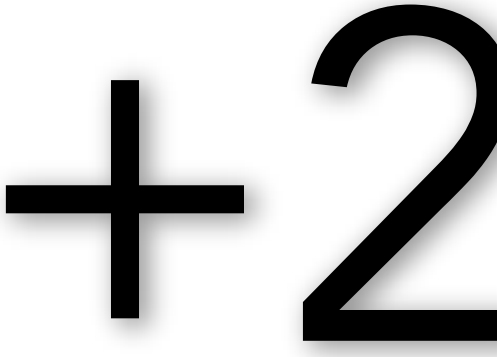





e
s
p




+10


+2


= +5%

Price must increase by 5% in order to cause a 10% increase in Q^s

The price elasticity of Supply is 2: Elastic Supply

What is the change in price necessary to induce a 10% increase in Quantity Supplied?

$$e^s_p = \frac{\%\Delta Q^s}{\%\Delta P}$$

$$\%\Delta P = \frac{\%\Delta Q^s}{e^s_p}$$

Price must increase by 5% in order to cause a 10% increase in Q^s

$$\%\Delta P = \frac{+10}{+2} = +5\%$$

The price elasticity of Supply is 0.5

Calculate the change in Quantity Supplied that would result from a 6% decrease in price?