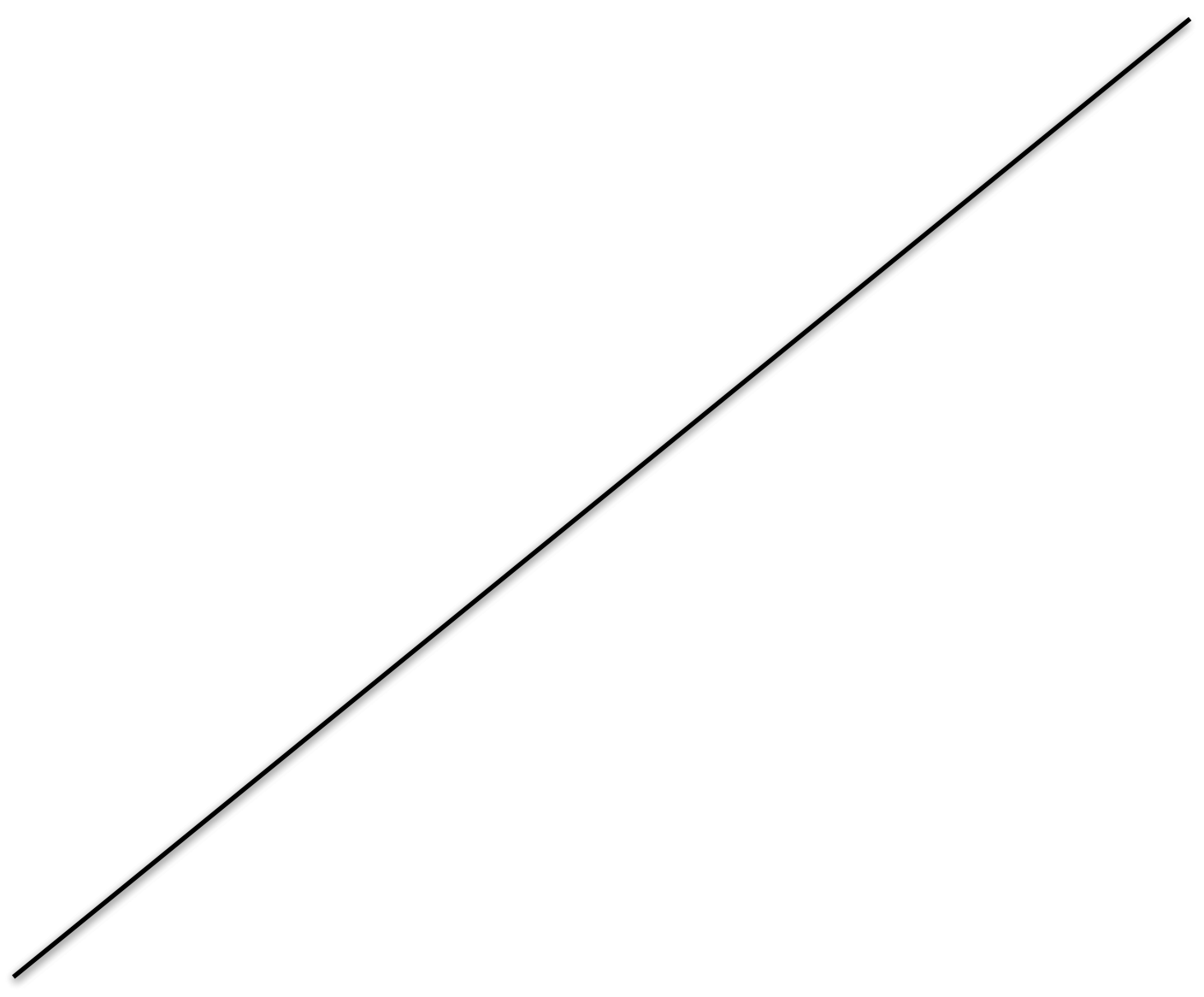




$$e_p^s = \frac{\% \Delta Q^s}{\% \Delta P}$$







P

Supply

Po



P<sub>1</sub>

Q0







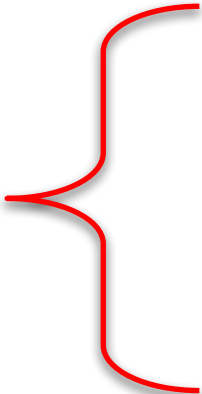
$Q_1$



$\% \Delta Q^s$



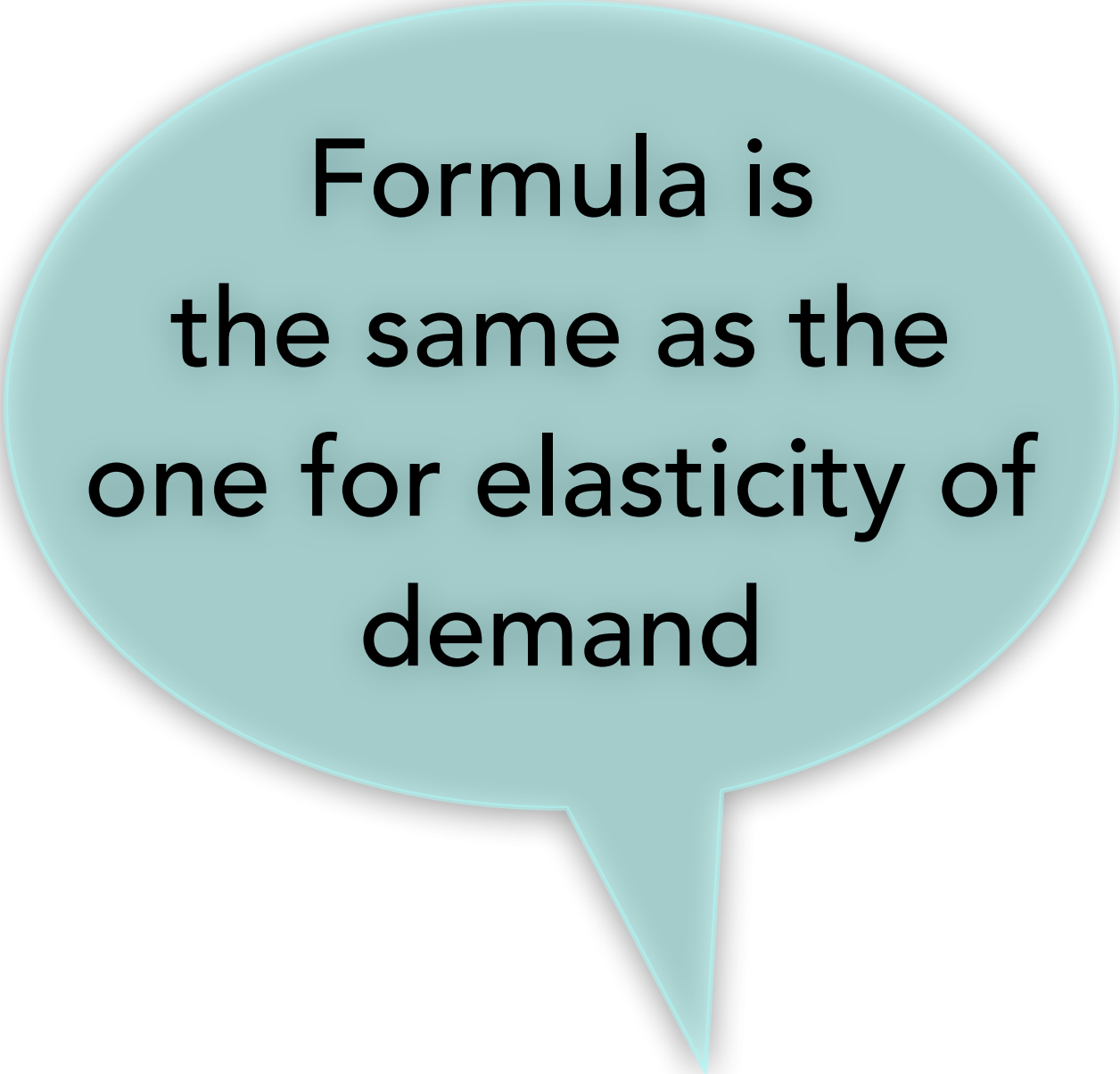
$\% \Delta P$





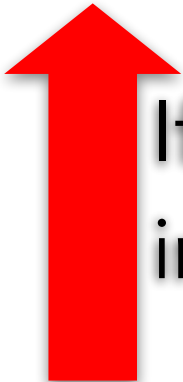


# Price Elasticity of Supply



Formula is  
the same as the  
one for elasticity of  
demand

$$e_p^s = \frac{\% \text{Change in } Q^s}{\% \text{Change in } P}$$

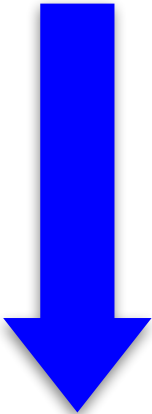


If price  
increase

$Q^s$  increase







If price  
drops

$Q^s$  drops



Price and  $Q^s$  have a  
positive relationship

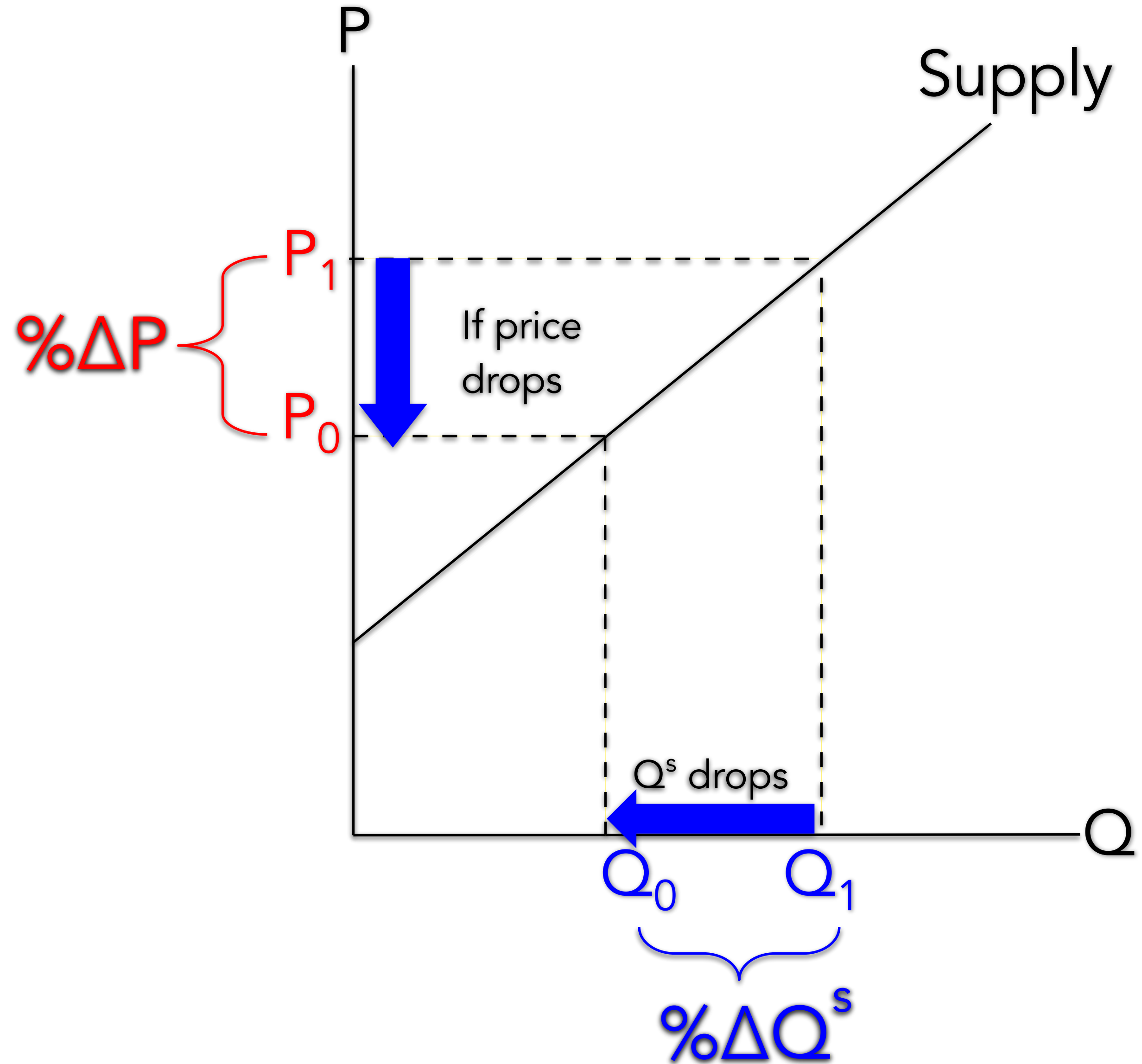
Q

# Price Elasticity of Supply

Always Positive

$$e_p^s = + \frac{\% \Delta Q^s}{\% \Delta P}$$

Price and  $Q^s$  have a positive relationship



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