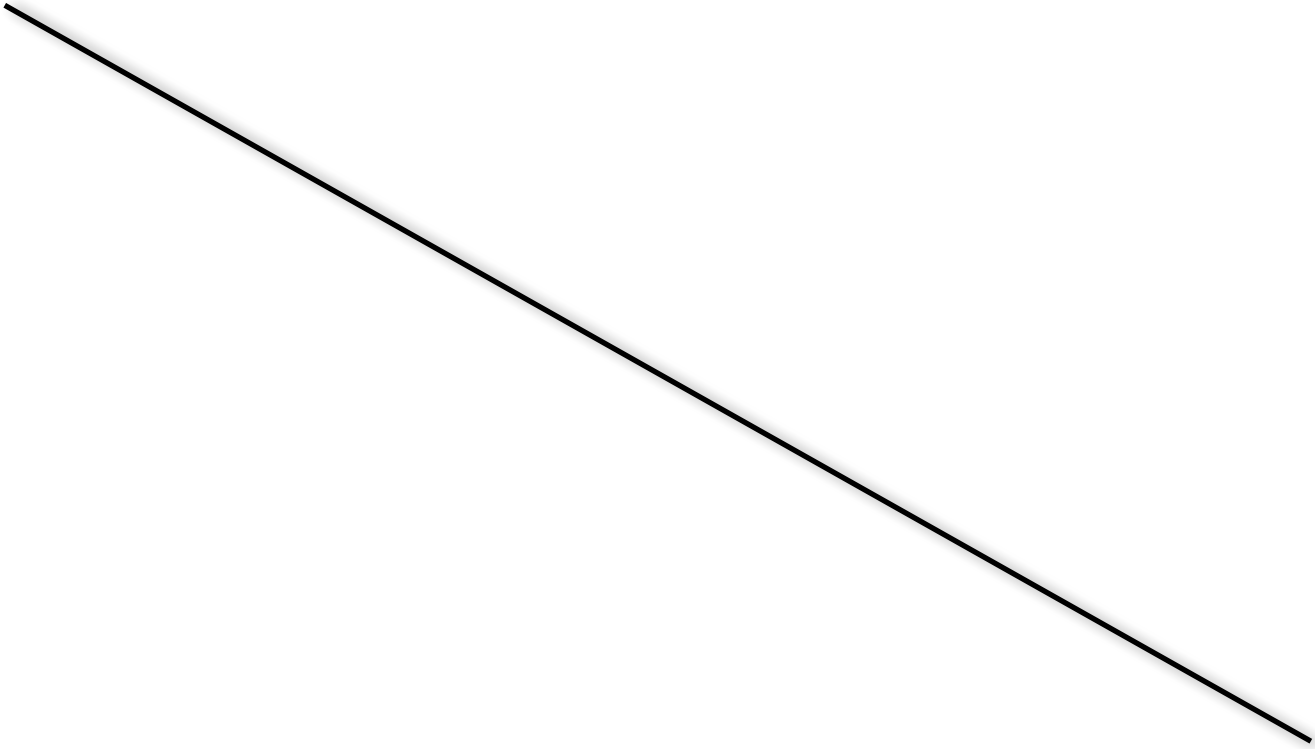
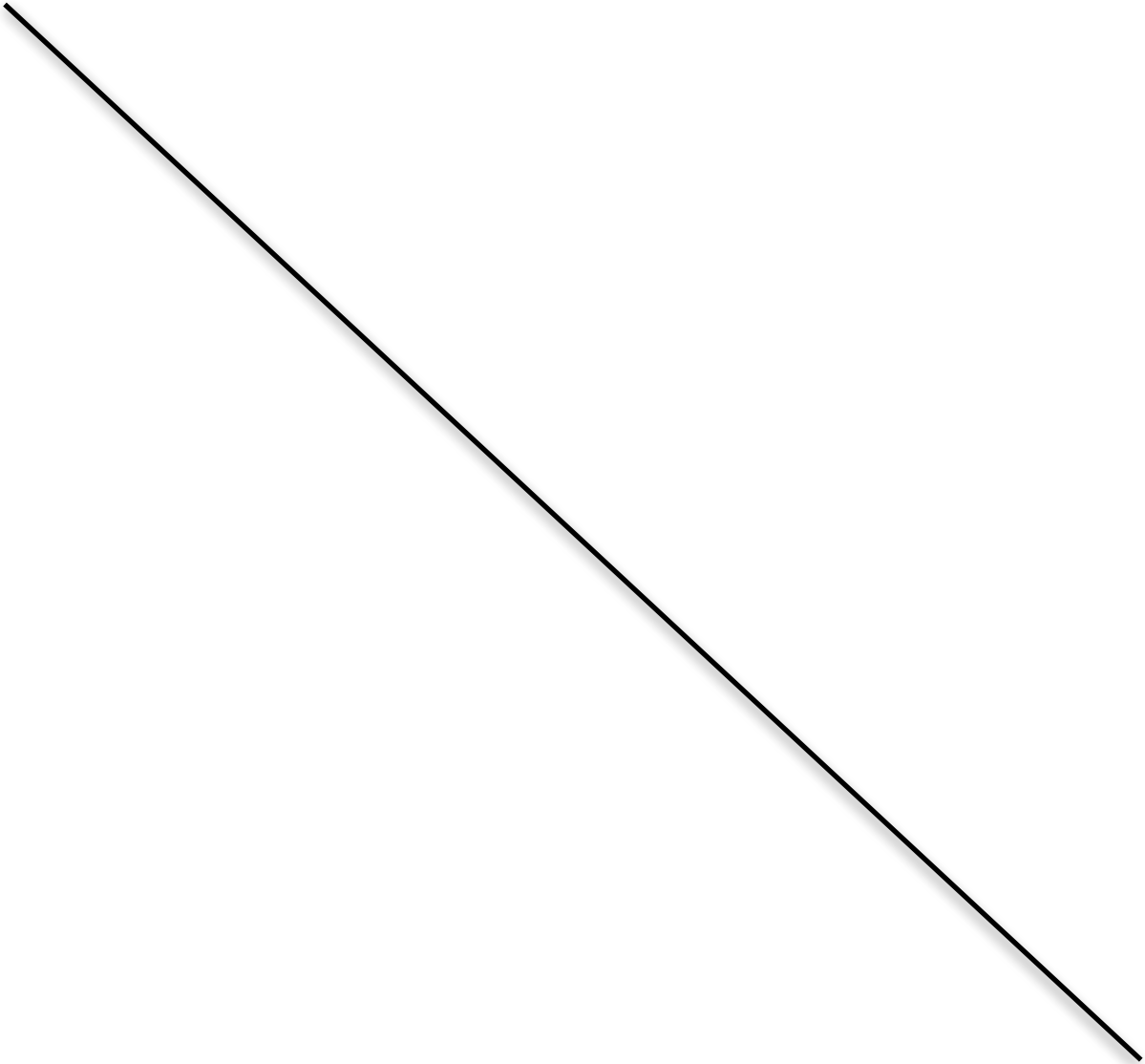
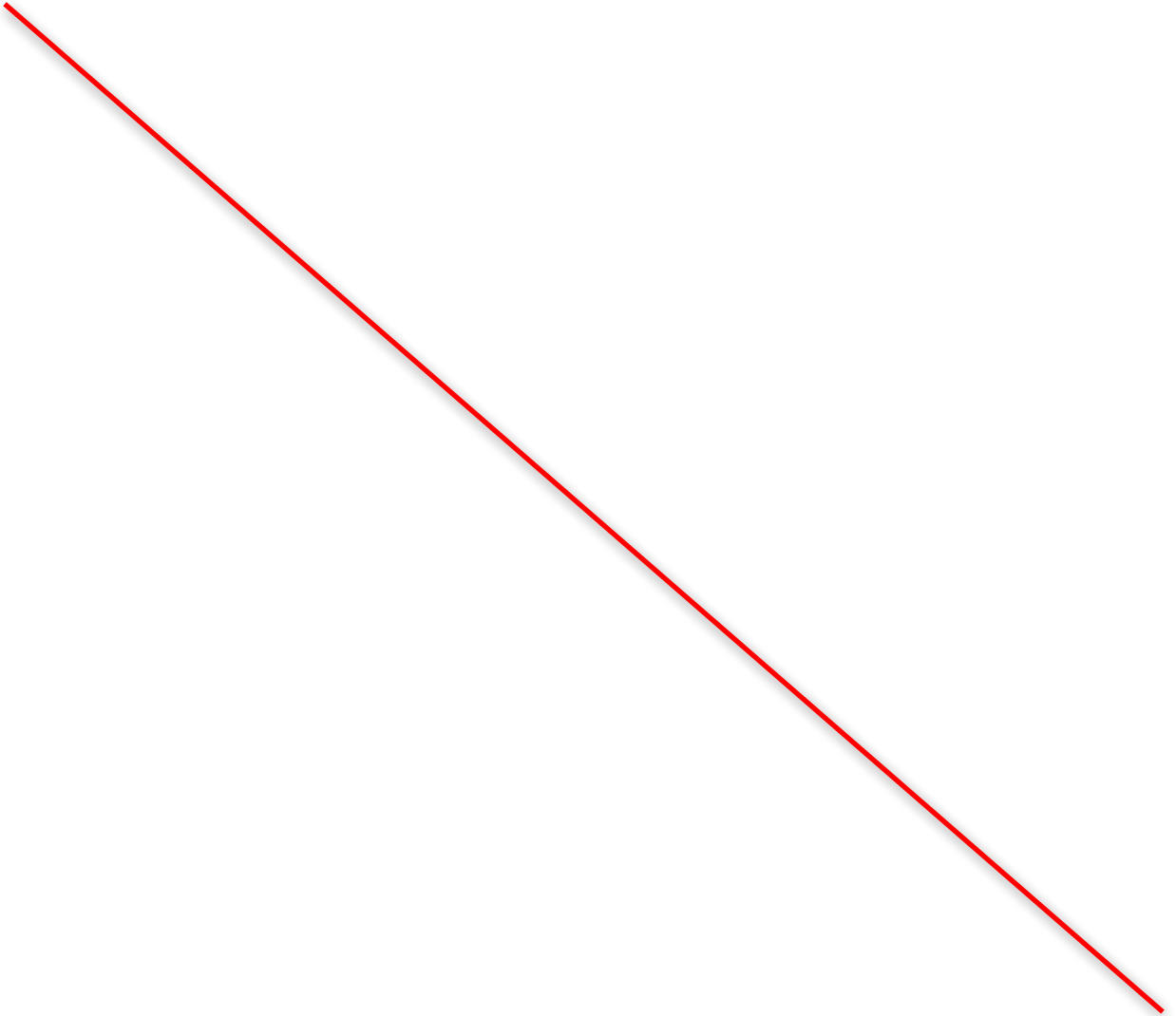
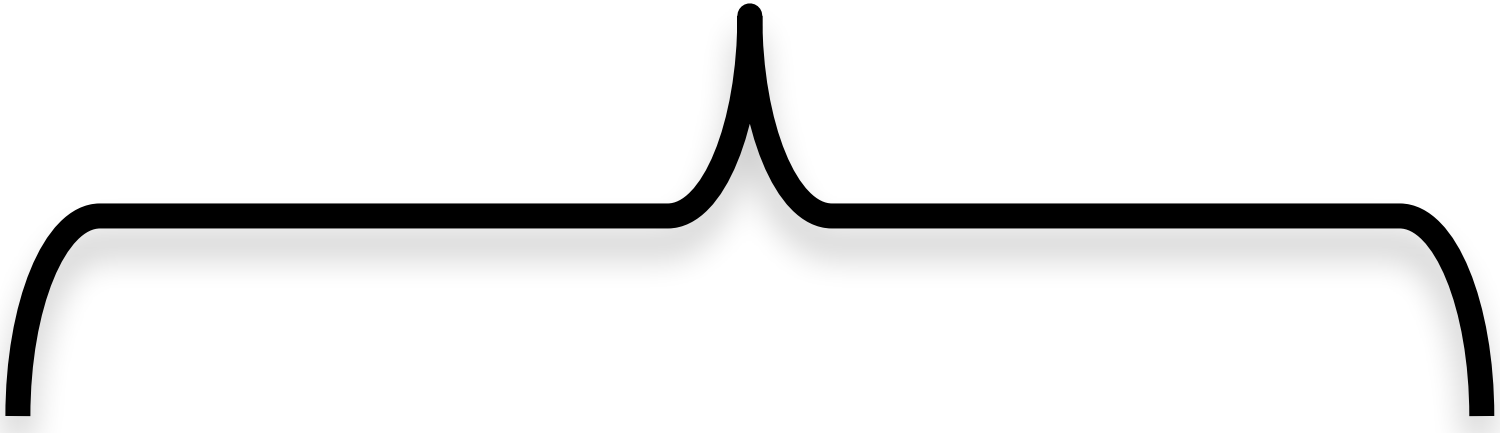
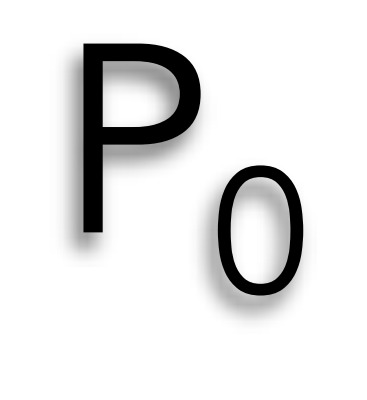


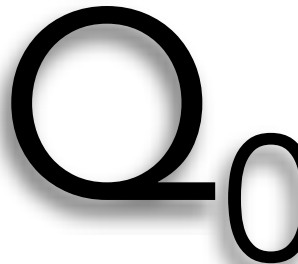




10%




P0




P1


Q1

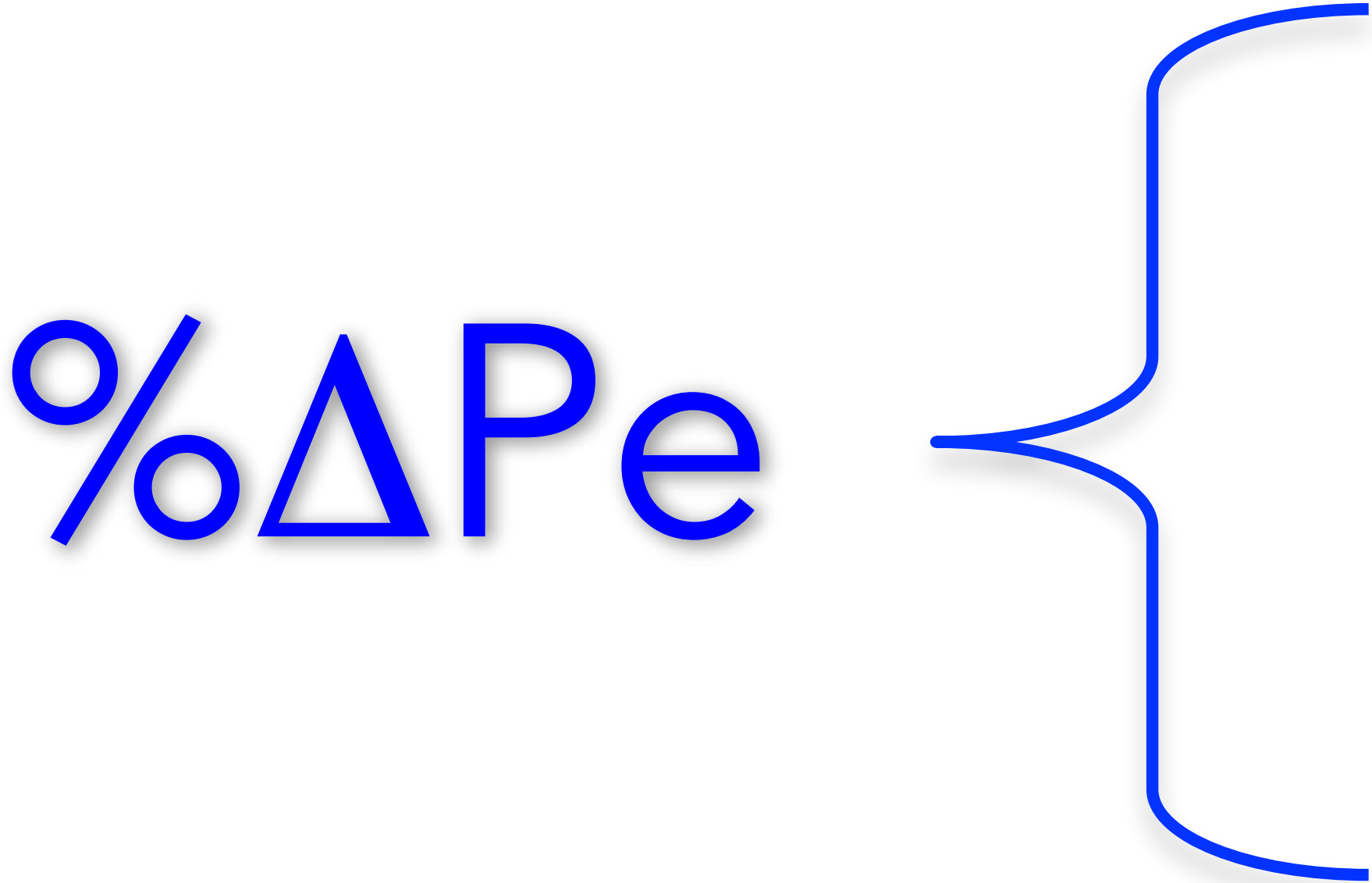
Demand elasticity = -1.5 Supply elasticity = 0.5.

Demand increase by 10% calculate the change in Equilibrium Price

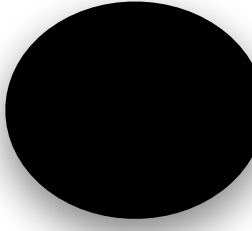
$$\% \Delta Pe = 10/2$$

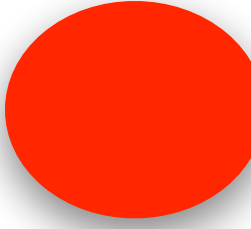
$$\% \Delta Pe = 5$$

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


%ΔPe

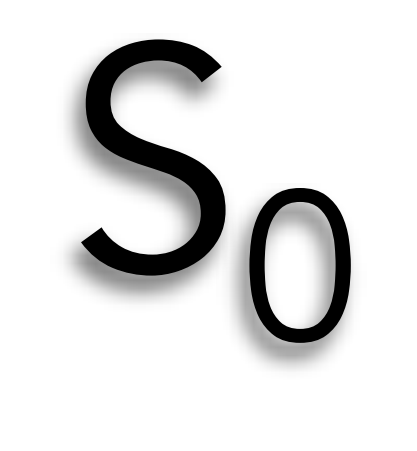
$$\%\Delta Pe = \frac{10\%}{(1.5+0.5)}$$





Equilibrium Price

increase by 5%


S0


D1


D0

Demand elasticity = -1.5 Supply elasticity = 0.5.

Demand increase by 10% calculate the change in Equilibrium Price

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

$$\%\Delta Pe = \frac{10\%}{(1.5+0.5)}$$

$$\% \Delta Pe = 10/2$$

$$\% \Delta Pe = 5$$

Equilibrium Price increase by 5%