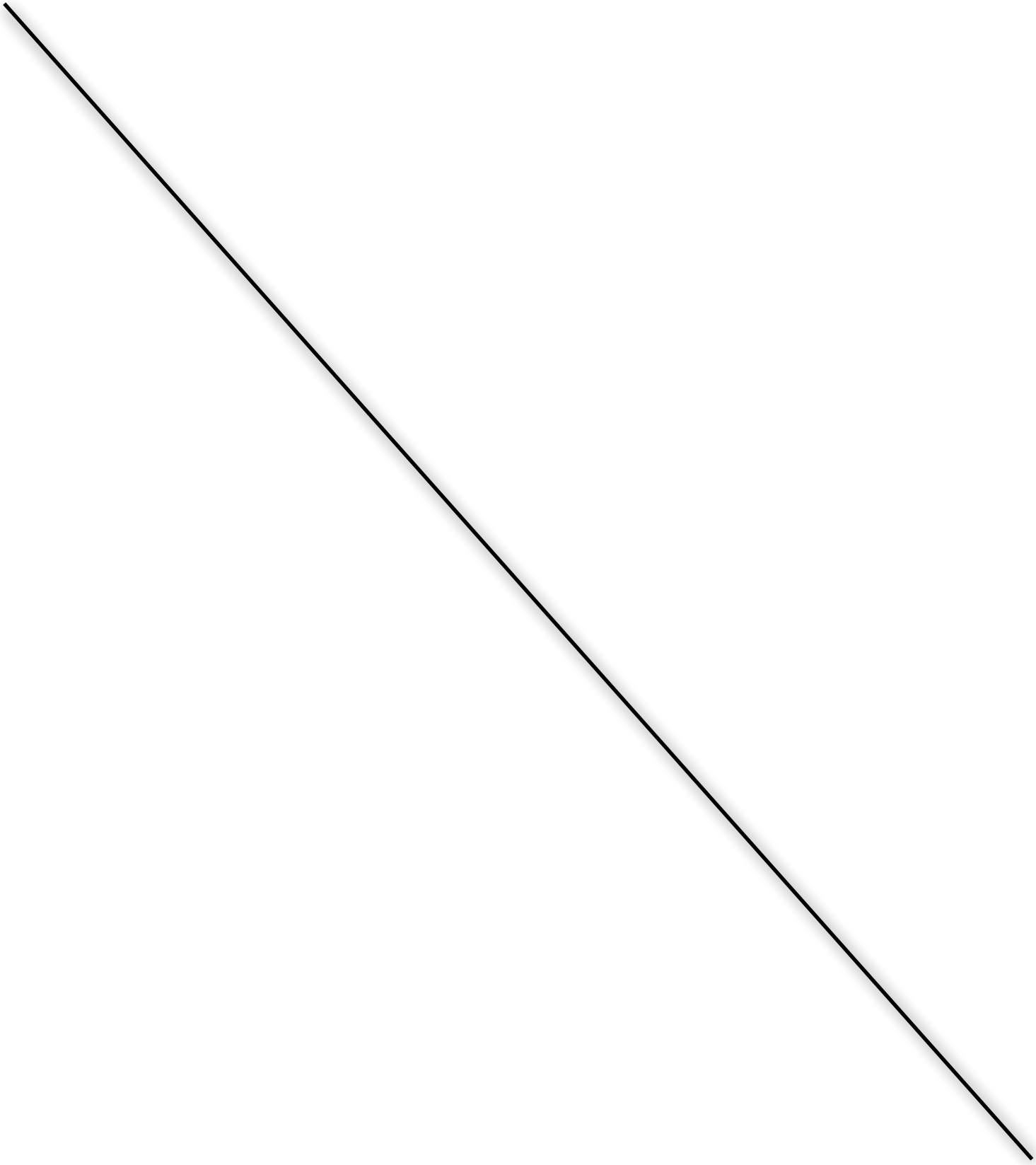
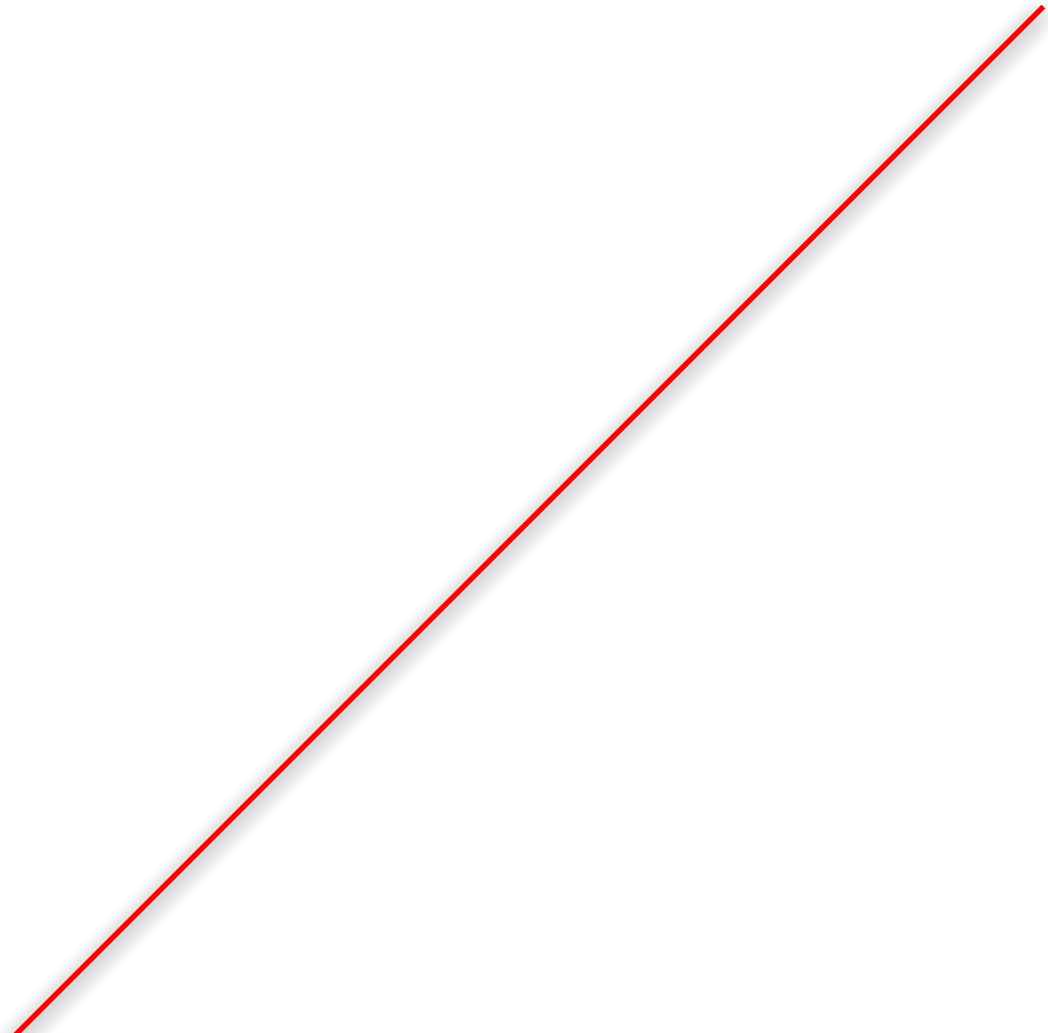
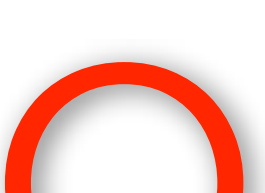
Midpoint



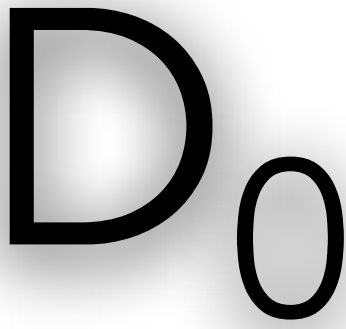


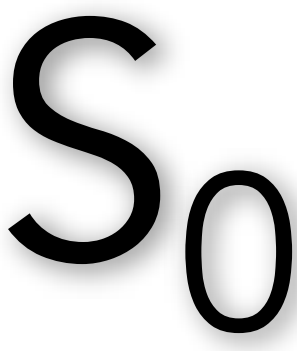
Total Revenue Before


Q1

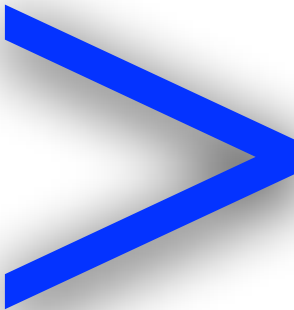

P1


P0


D0


S0


S1



TR increase

.e=1

Total Revenue After

Gain

Because

Increasing Supply, cause a decrease in price and an increase in Q^d

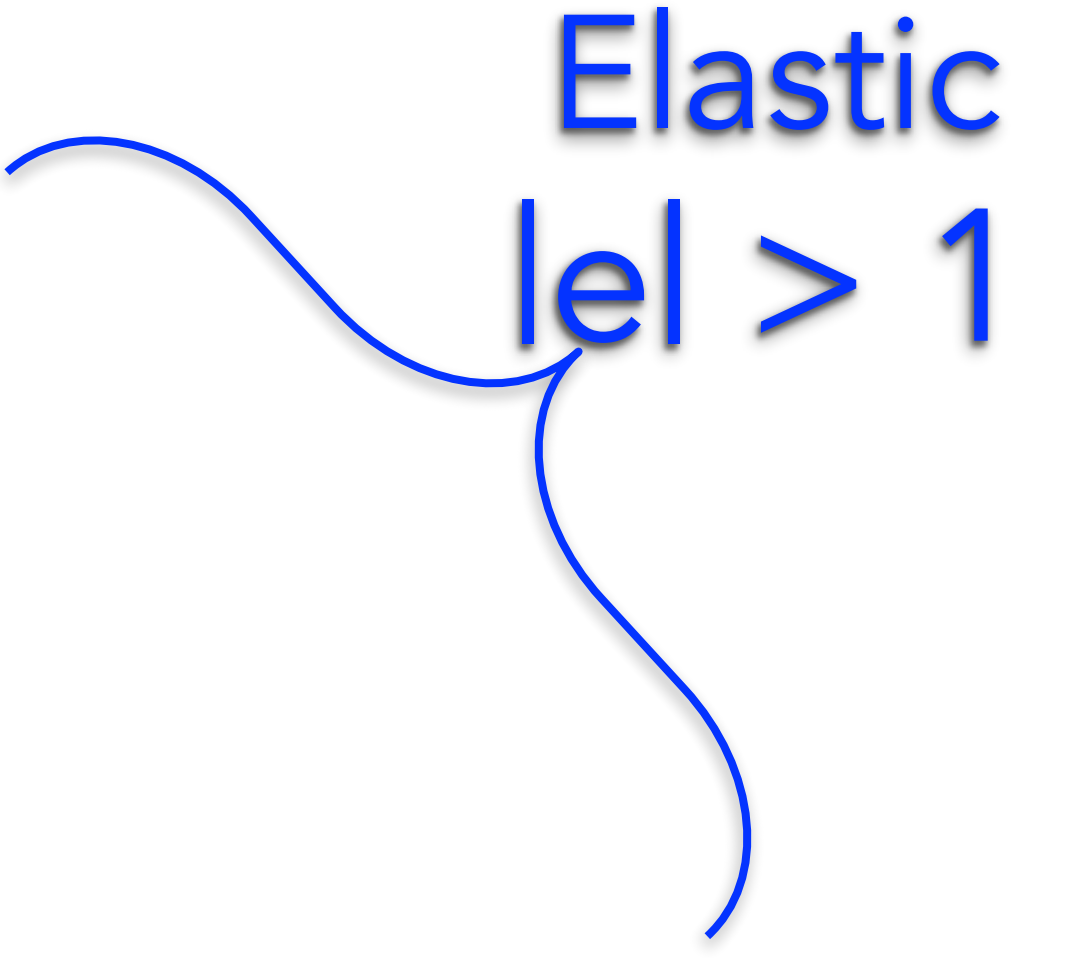
If consumers are sensitive to prices, it is in the producers' best interest to increase supply

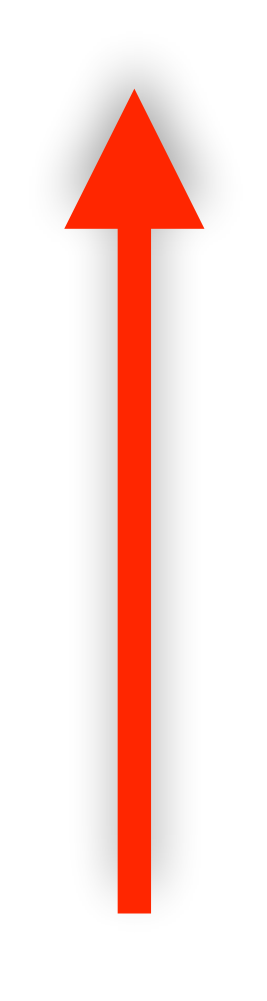
Increasing Supply, cause an increase in Total Revenue for producers if demand is elastic (e>1)

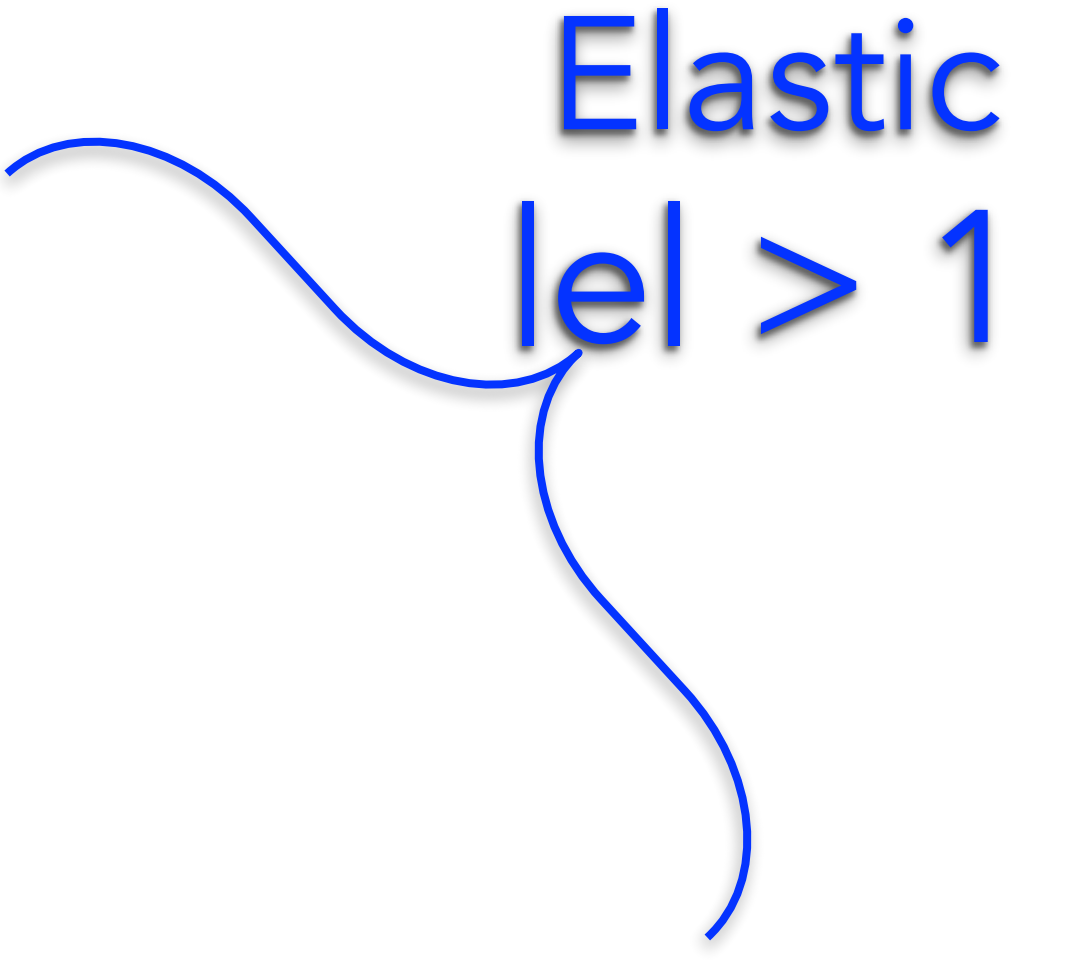
Loss

Gain

Loss


Elastic
|e| > 1



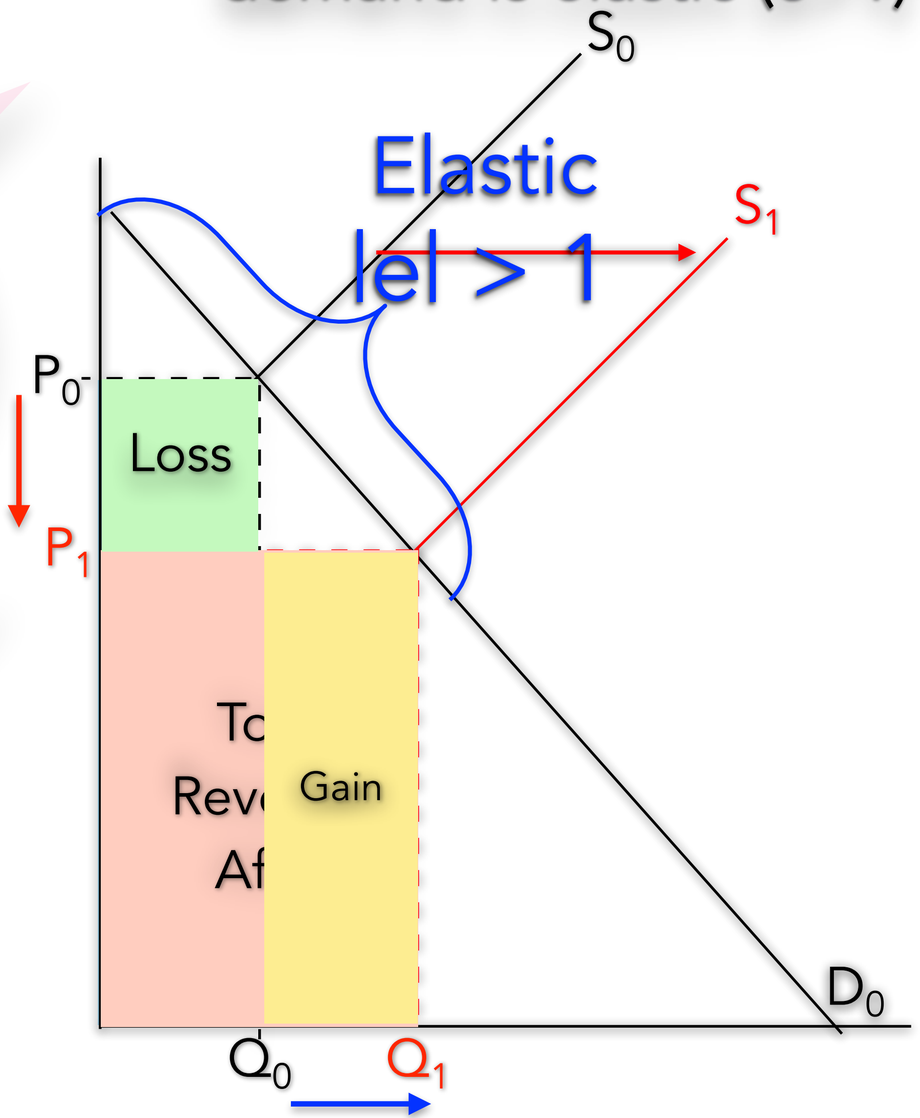

Elastic
|e| > 1

If consumers are sensitive to prices, it is in the producers' best interest to drop prices

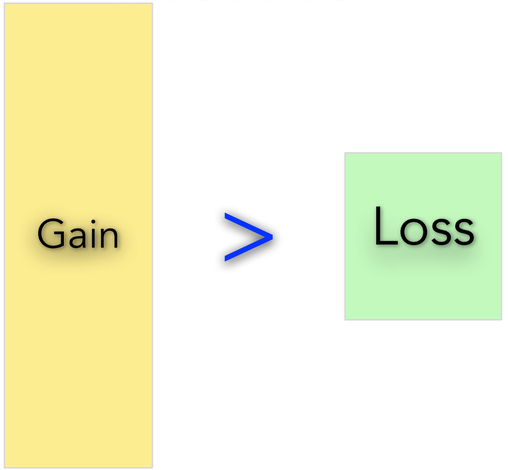
Increasing Supply, cause an increase in Total Revenue for producers if demand is elastic (e>1)

If consumers are sensitive to prices, it is in the producers' best interest to increase supply

If consumers are sensitive to prices, it is in the producers' best interest to drop prices



Because



Loss

TR increase

Increasing Supply, cause a decrease in price and an increase in Q^d