

The next four slides show you examples of how to use **both** the Supply and Demand model and the Elasticity of Demand to answer questions such as the one below:

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Concentrate your attention on the “how to” answer this type of questions

For oil producing countries total revenues **increase** when they restrict supply
but their total revenue **decrease** when supply increase.

What can you conclude about the elasticity of demand for oil?

Use a supply and demand diagram to illustrate these results

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