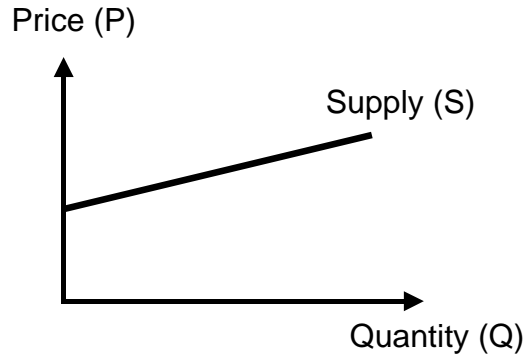


Price Elasticity of Supply

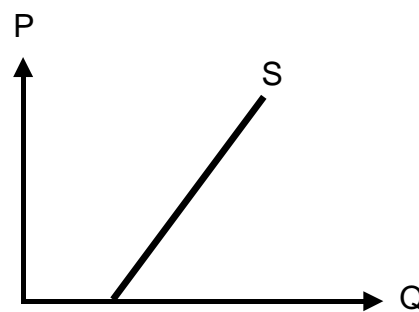
1 Price elasticity of supply (e) = $\frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$

2 Different cases

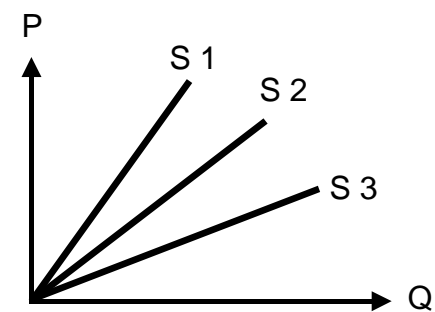
21 Elastic supply (e>1)



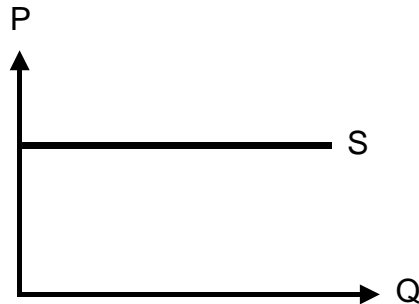
22 Inelastic supply (e<1)



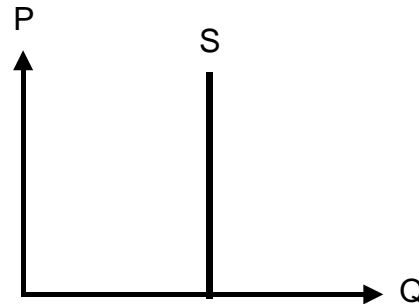
23 Unit elastic supply (e=1)



24 Perfectly elastic supply (e=∞)



25 Perfectly inelastic supply (e=0)



26 Short-run and long-run supply

