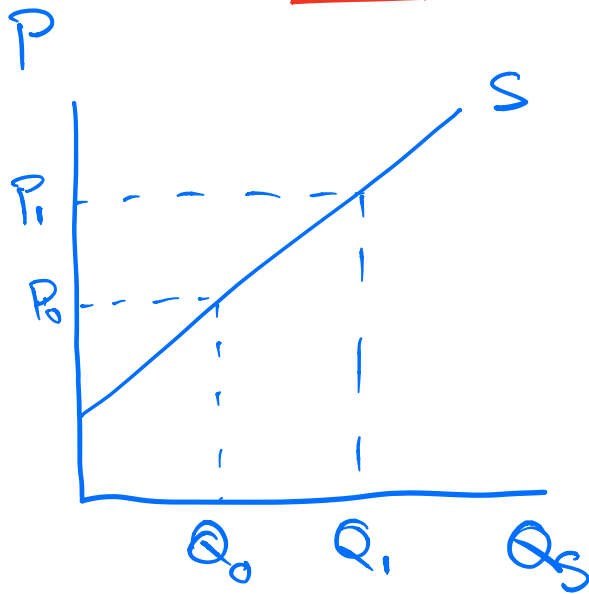


Supply = relationship between price and quantity supplied that the seller (s) is (are) willing and able to sell

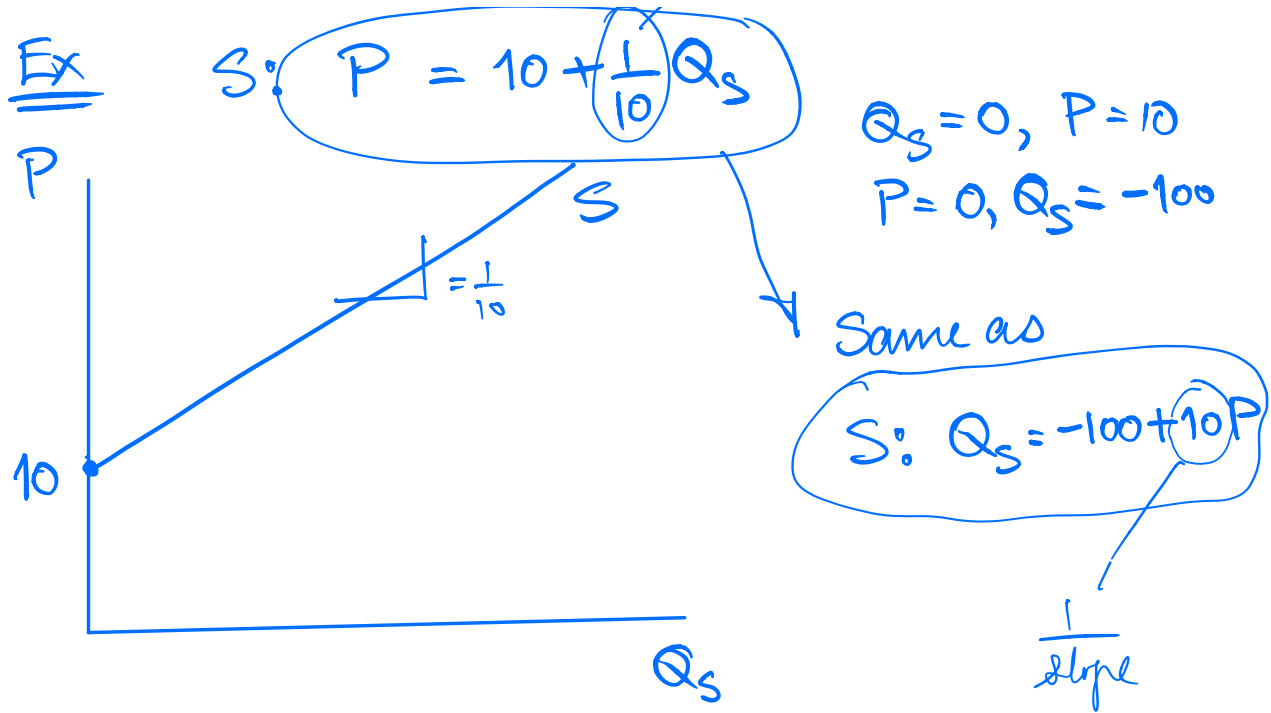


Law of Supply given all factors being equal, if the price increases (decreases) the quantity supplied increases (decreases)

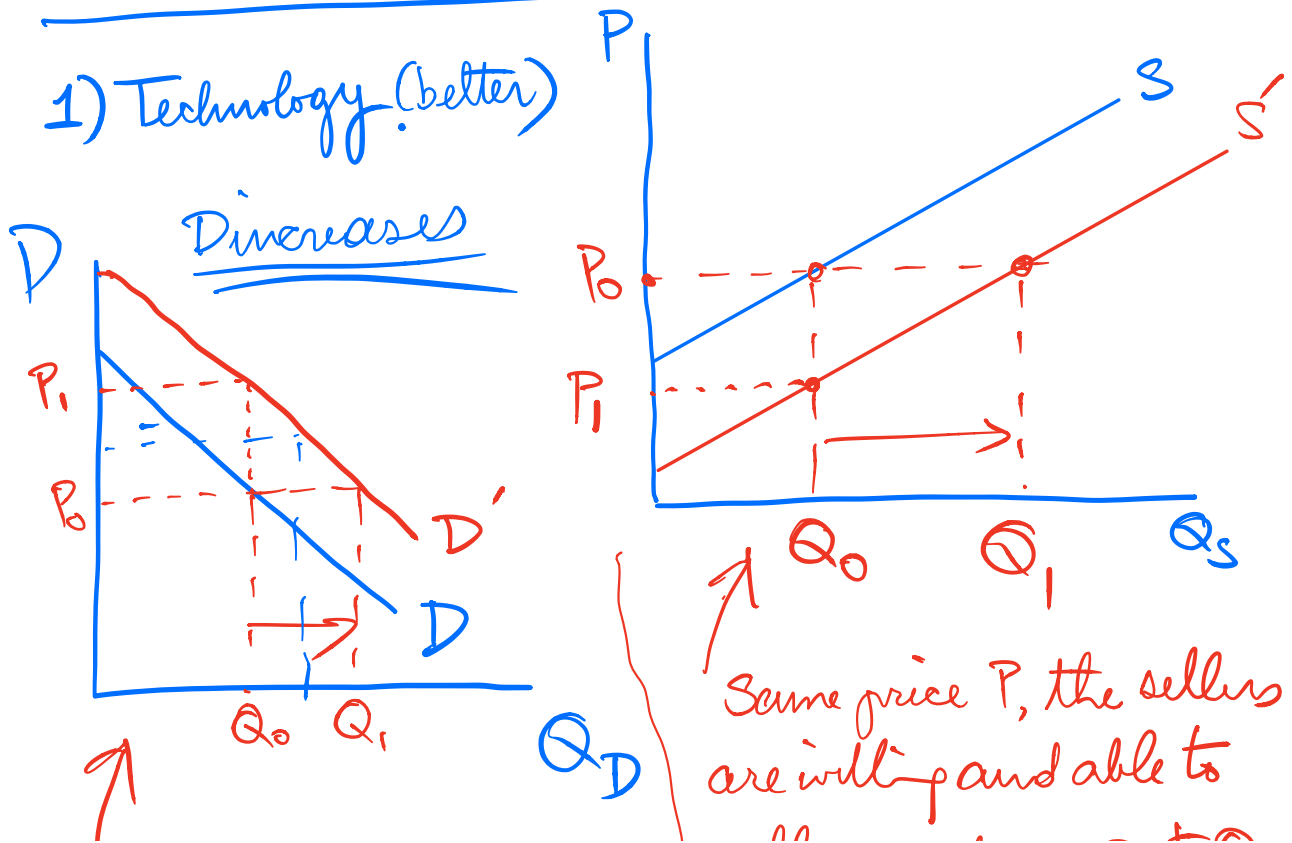
↔ price & quantity supplied have positive relationship

↔ Supply curve has positive slope

— / — = slope



## Factors that can change the Supply



1  
Same price  $P_0$ , buyers  
are willing and able to  
buy more from  $Q_0$  to  $Q_1$

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Same quantity demanded  $Q_0$ ,  
the buyers are willing and  
able to pay higher price  
from  $P_0$  to  $P_1$

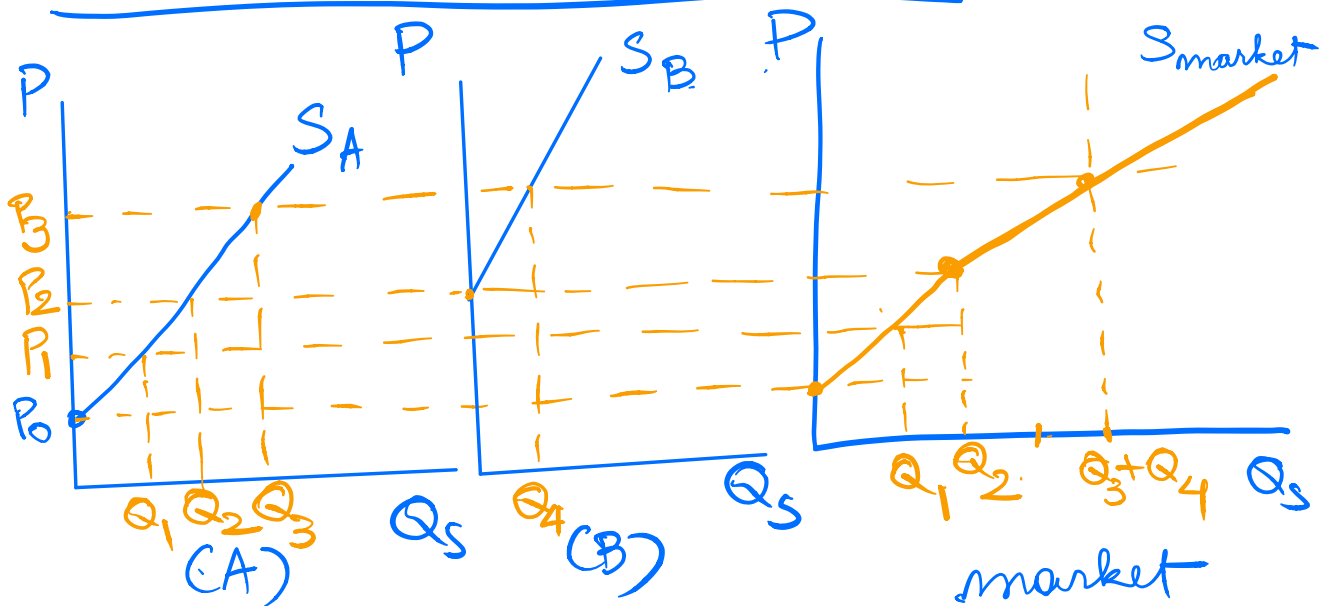
sell more from  $Q_0$  to  $Q_1$

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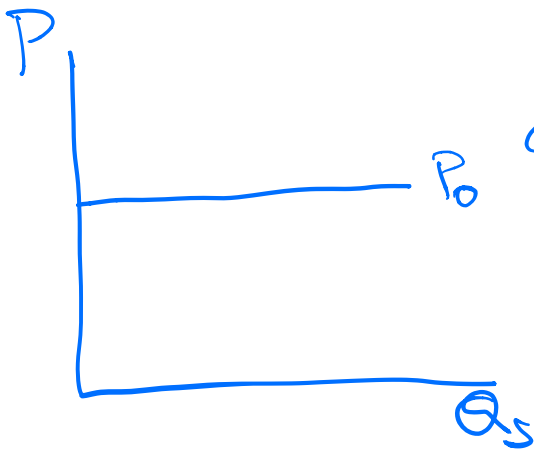
Same quantity supplied  
 $Q_0$ , the sellers are  
willing and able to  
sell at lower price  
 $P_1$

- 
- 2) Price & Quality & availability of inputs (Land, Labor, capital)
  - 3) Number of sellers
  - 4) Expectation.

# Individual & Market Supply



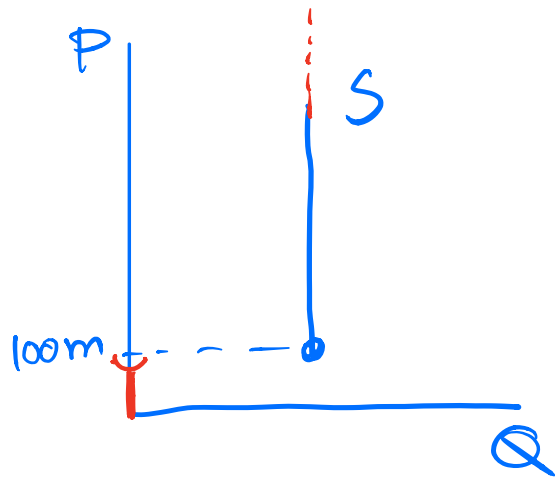
## Extreme cases of Supply



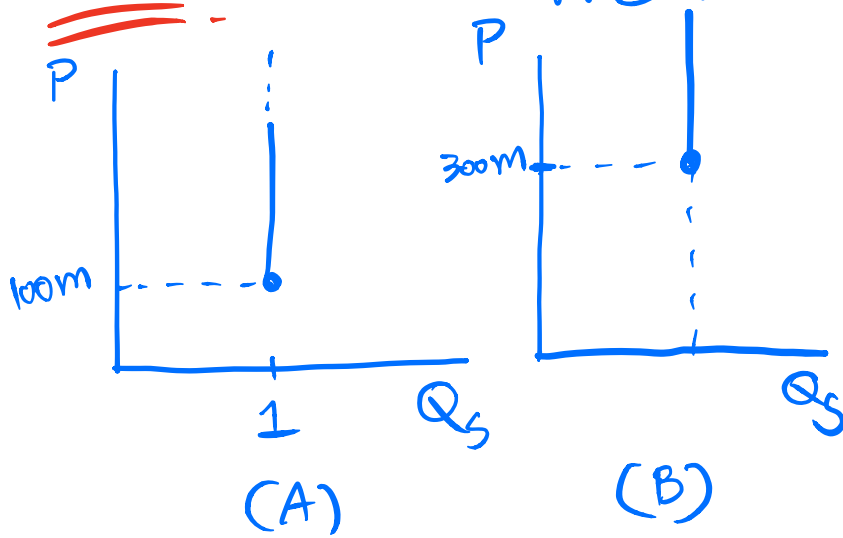
$S$  has zero slope

at  $P_0$  or more, the sellers want to sell  $\infty$

at any price lower than  $P_0$  want to sell 0.



H.W. market supply for kidneys.



H.W. How D & S increase in Extreme cases.