

PED, YED, PES Concepts

Type of good	PED value	Example
Necessities	$PED < 1$	Rice, salt, petrol
Luxury goods	$PED > 1$	Sports cars, designer bags
Goods with many substitutes	$PED > 1$	Soft drinks
Addictive goods	$PED < 1$	Cigarettes
Perfectly inelastic goods	$PED = 0$	Life-saving medicine
Perfectly elastic goods	$PED = \infty$	Agricultural goods in perfect competition

PED value	Type of demand	Explanation
$PED > 1$	Elastic	Quantity demanded changes more than price
$PED = 1$	Unit elastic	Proportionate change
$PED < 1$	Inelastic	Quantity demanded changes less than price
$PED = 0$	Perfectly inelastic	No response to price change
$PED = \infty$	Perfectly elastic	Infinite response

YED value	Type of good	Explanation
$YED > 1$	Income elastic	Luxury goods
$0 < YED < 1$	Income inelastic	Necessities
$YED < 0$	Inferior goods	Demand falls as income rises
$YED = 0$	Income neutral	No effect

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YED value	Type of good	Example
$YED > 1$	Luxury goods	Foreign holidays, sports cars
$0 < YED < 1$	Necessities	Food, electricity
$YED < 0$	Inferior goods	Bus travel, low-quality clothes
$YED = 0$	Income-neutral goods	Basic medicine

PES value	Type of supply	Explanation
$PES > 1$	Elastic supply	Supply responds strongly
$PES = 1$	Unit elastic	Proportionate change
$PES < 1$	Inelastic supply	Limited response
$PES = 0$	Perfectly inelastic	Fixed supply

PES value	Type of supply	Example
$PES < 1$	Inelastic supply	Agricultural goods (short run)
$PES > 1$	Elastic supply	Manufactured goods
$PES = 0$	Perfectly inelastic	Land
$PES = \infty$	Perfectly elastic	Goods in long run with perfect competition