

Interpreting PED Values

The Size of PED Varies From 0 To Infinity (∞) & Is Classified As Follows

Value	Name	Explanation	Diagram
0	Perfectly Inelastic	The QD is completely unresponsive to a change in P (very theoretical value e.g. heart transplant is extremely inelastic but possibly not perfectly)	
0 → 1	Relatively Inelastic	The %Δ in QD is less than proportional to the %Δ in P (e.g. addictive products)	
1	Unitary Elasticity	The %Δ in QD is exactly equal to the %Δ in P	
1 → ∞	Relatively Elastic	The %Δ in QD is more than proportional to the %Δ in P (e.g. luxury products)	
∞	Perfectly Elastic	The %Δ in QD will fall to zero with any %Δ in P (highly theoretical elasticity)	