

Elasticity Budget Planner

Plan for price volatility based on demand elasticity



Gasoline

Inelastic

Necessity - Must buy regardless of price

Monthly \$:



Dining Out

Elastic

Luxury - Easy to reduce or substitute

Monthly \$:



Medications

Inelastic

Necessity - Required for health

Monthly \$:



Streaming

Elastic

Luxury - Many alternatives available

Monthly \$:

If Prices Increase 20%

Gasoline (inelastic)	+\$40 - Must absorb cost
Dining Out (elastic)	Can reduce - Substitute with cooking
Medications (inelastic)	+\$20 - Must absorb cost
Streaming (elastic)	Can cancel - Many alternatives
Unavoidable Increase	\$60/month

Budget Protection Strategies

- Build emergency fund for inelastic price spikes
- Keep elastic spending flexible - first to cut in crisis
- Look for substitutes for inelastic goods (public transit, generics)
- Lock in prices when possible (fuel cards, subscription annual plans)