If the number on the top ($\%\Delta Q^d$) is larger than the number in the bottom ($\%\Delta P$)

# When a consumer overreacts (60%>10%)

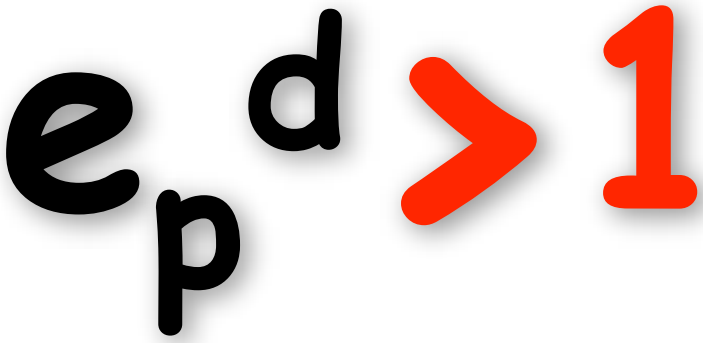
$$e_p{}^d = \frac{\%\Delta Q^d = 60\%}{\%\Delta P = 10\%}$$

# An Example:


Price
increased by
10%


Consumer
purchased 60%
less!

The elasticity is greater than one


$e_p^d > 1$

$$e_p^d = \frac{\text{\% change in quantity demanded}}{\text{\% change in Price}}$$

$$e_p^{\,d} = 6$$

$$e_p^d = \frac{\%\ \text{change in quantity demanded}}{\%\ \text{change in Price}}$$

An Example:

If the number on the top ($\%\Delta Q^d$) is larger than the number in the bottom ($\%\Delta P$)

$$e_p^d = \frac{\%\Delta Q^d = 60\%}{\%\Delta P = 10\%}$$

Consumer purchased 60% less!

Price increased by 10%

$e_p^d = 6 \quad e_p^d > 1$

The elasticity is greater than one

When a consumer overreacts (60% > 10%)

# An Example: