

Average quantity:

$$(30+18)/2 = 24$$

Average price

$$(7+5)/2 = 6$$

To calculate the % Change in Price we compare the difference in the prices: $7 - 5 = 2$ relative not to 7, not to 5 but to the number right in the middle between 5 and 7: The midpoint = 6

6



To calculate the % Change in Quantity we compare the difference in quantity: $30 - 18 = 12$ relative not to 30, not to 18 but to the number in the middle of 12 and 30: The midpoint = 24



24

We use the Midpoint Formula

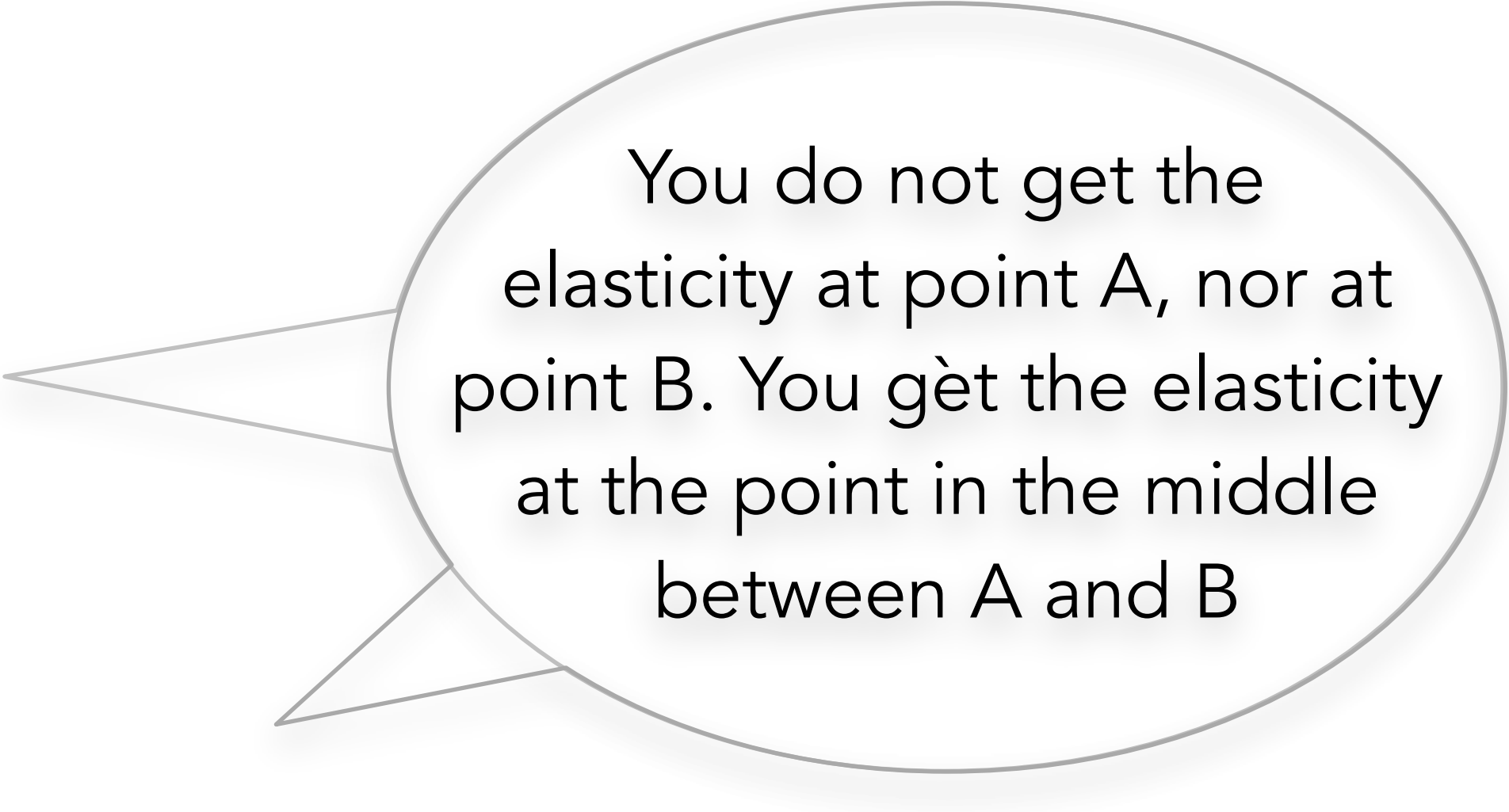




Gives the elasticity at the

Midpoint



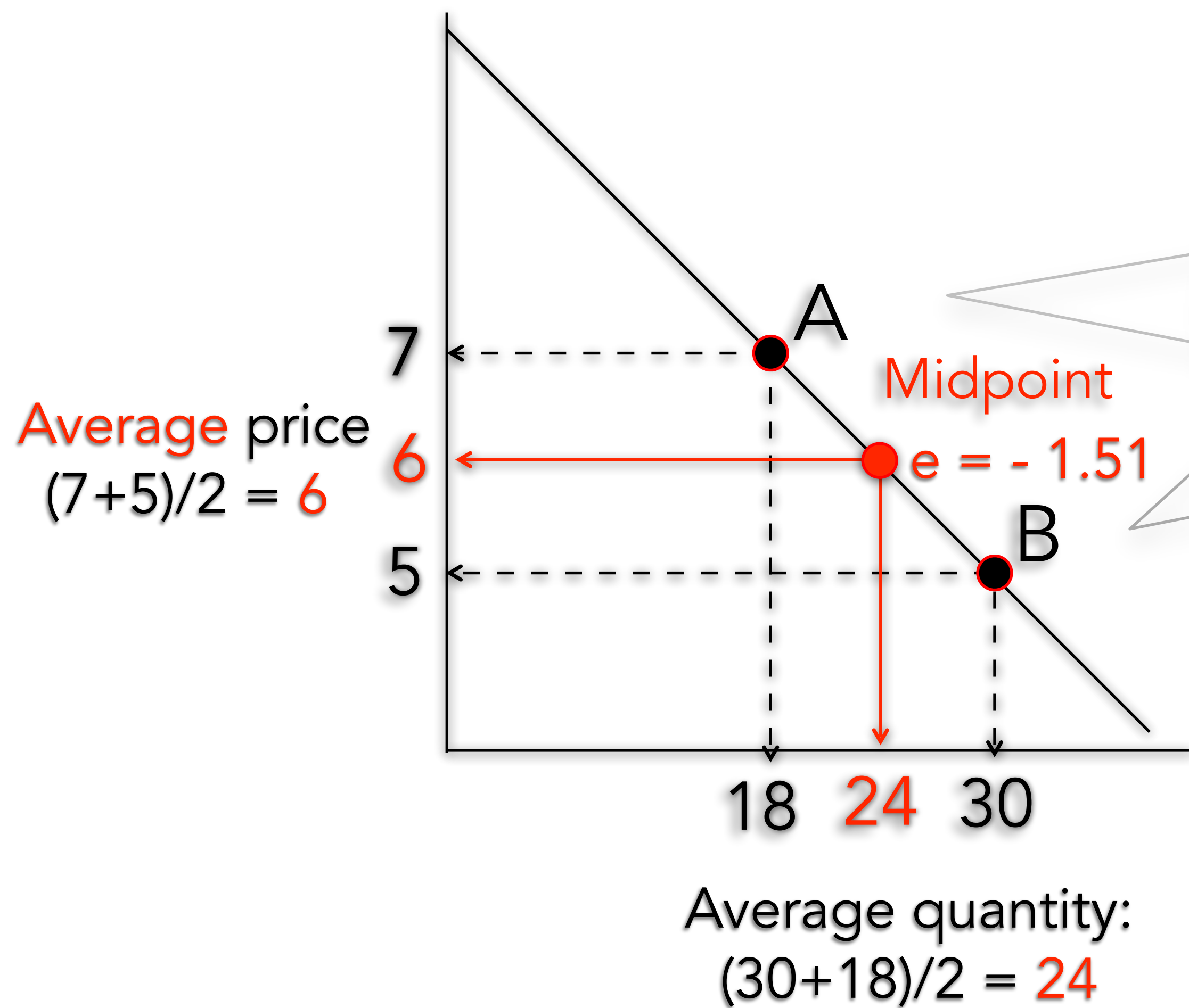


You do not get the elasticity at point A, nor at point B. You get the elasticity at the point in the middle between A and B

Midpoint



$e = -1.51$



You do not get the elasticity at point A, nor at point B. You get the elasticity at the point in the middle between A and B

Calculating the elasticity at *one* point along a demand line

