


It has been observed that a 20% decrease in price, caused a 5% increase in quantity demanded. Calculate the Elasticity

Elasticity of Demand (ignoring the sign) is **less** than one: Demand is **Inelastic**

$= -0.25$

$$e_p^d = \frac{5}{-20}$$

A black and white speech bubble with a tail pointing towards the top-left. The bubble contains the text "Elasticity has NO units" in a bold, sans-serif font.

Elasticity has
NO units

$$e_{pd} = \frac{\% \Delta Q_d}{\% \Delta P}$$

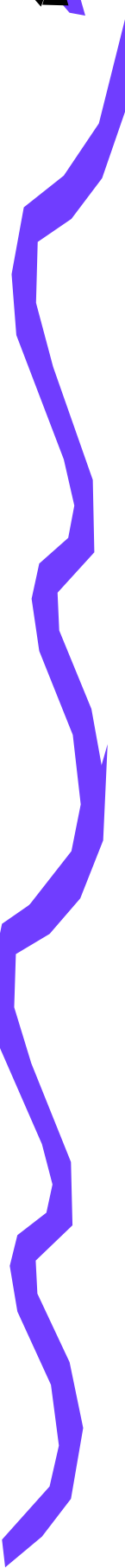
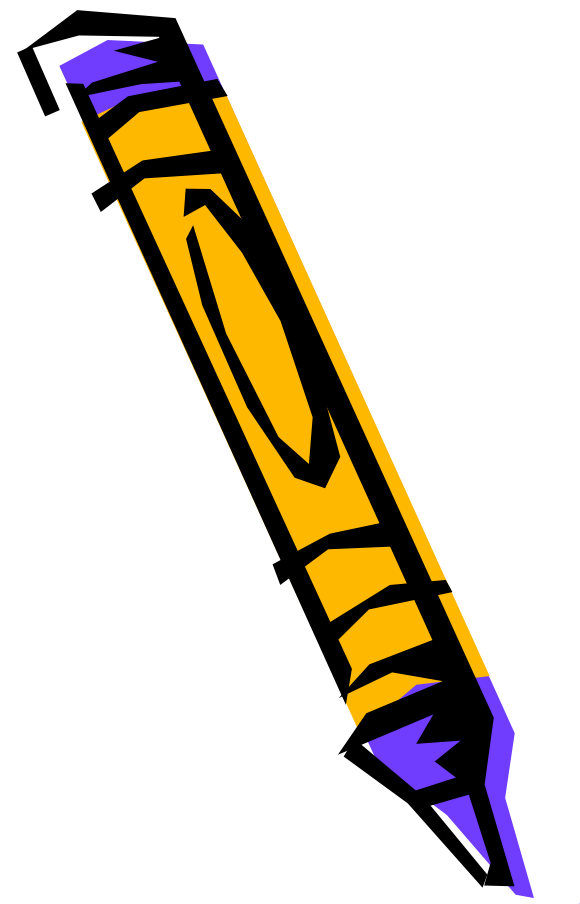
$$e_p^d = \frac{\% \Delta Q^d}{\% \Delta P}$$

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$$e_p^d = \frac{5}{-20} = -0.25$$

Elasticity of Demand (ignoring the sign) is less than one: Demand is Inelastic

Elasticity has
NO units



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

It has been observed that a 5% increase in price,
caused a 10% reduction in quantity demanded.
Calculate the elasticity

