

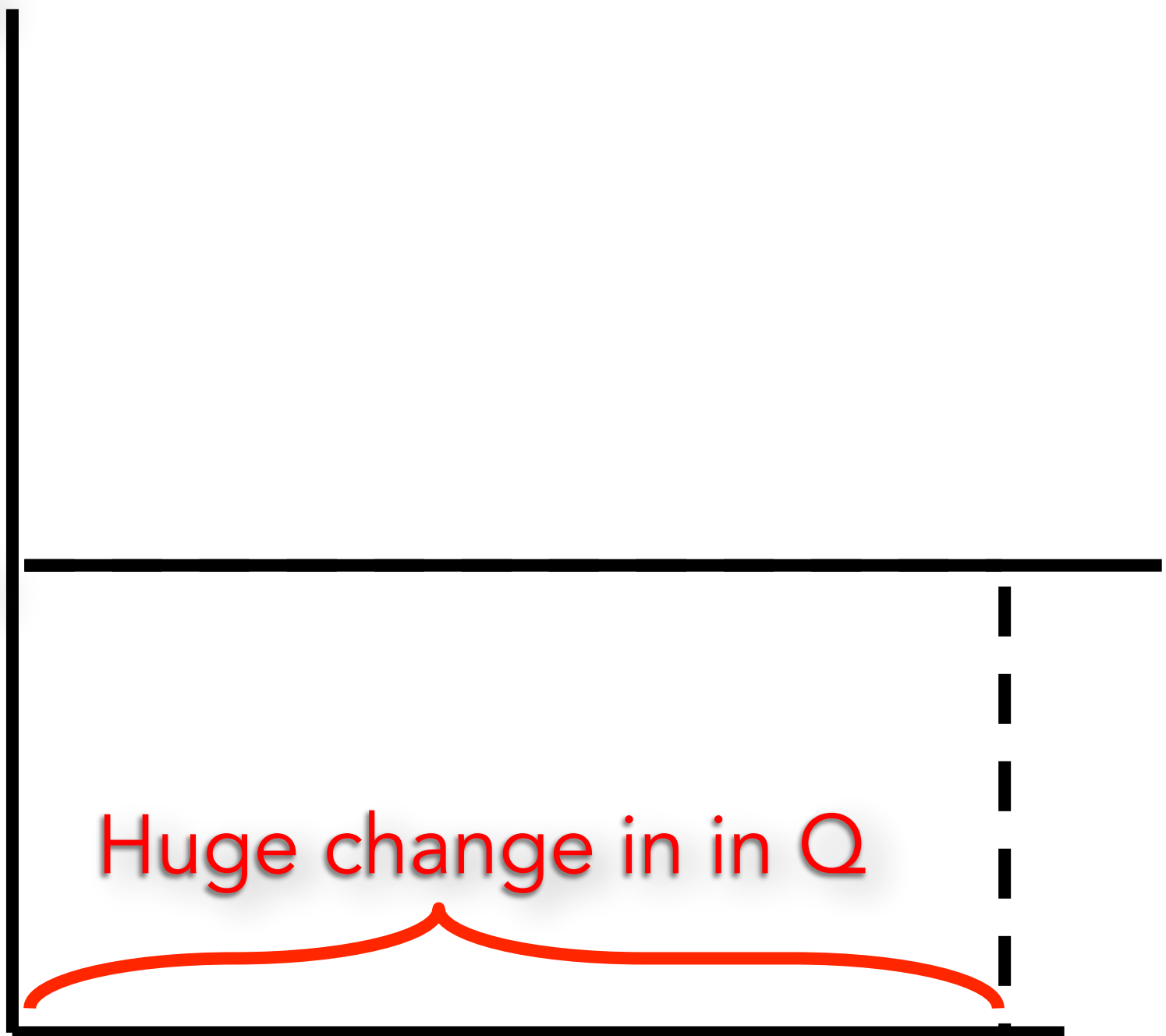
Price

P_0

Huge change in in Q

0

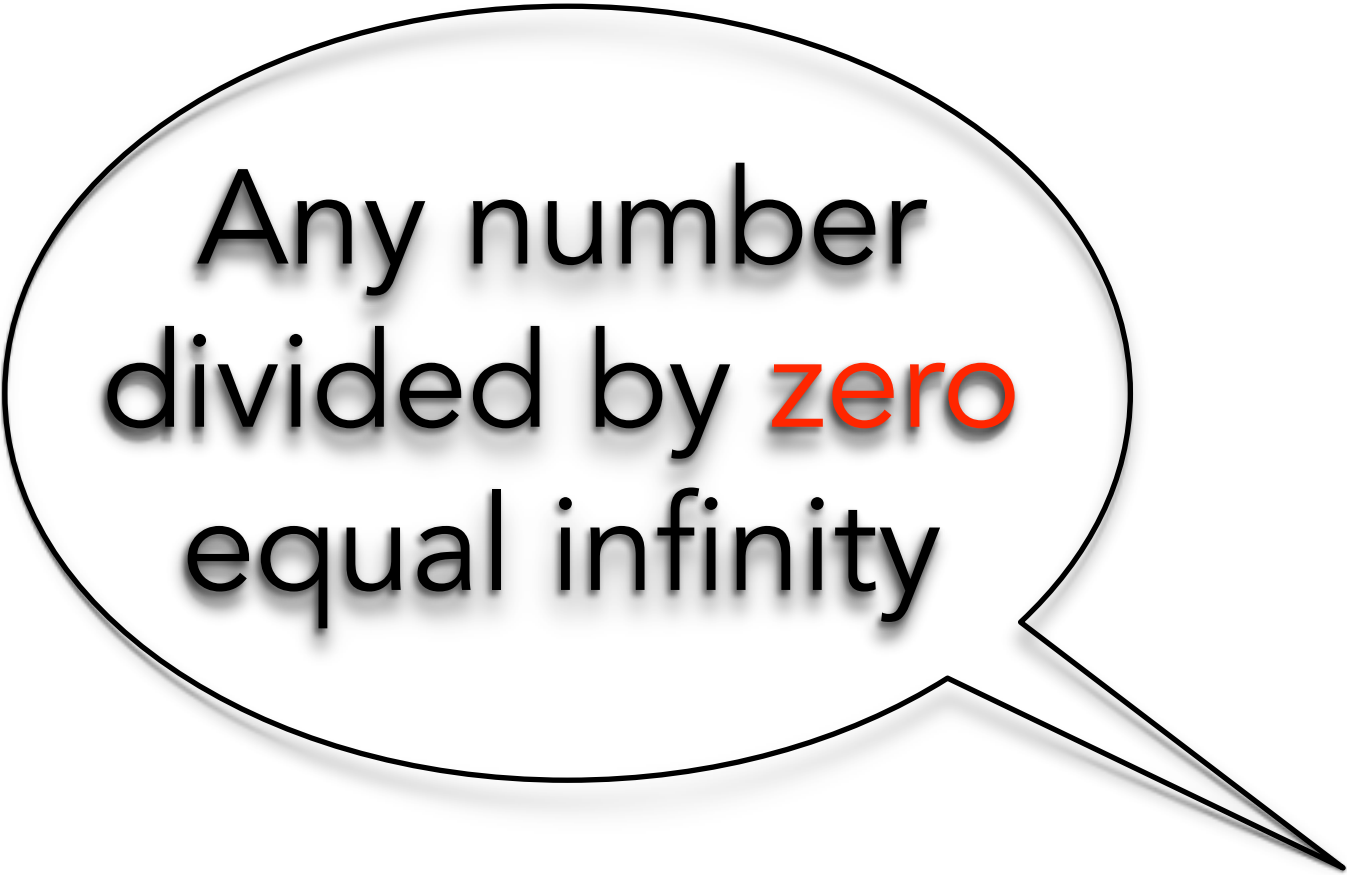
Q_0



Demand is Perfectly
Elastic

Any increase in price (even a change close to **zero**)
will cause the quantity demanded to drop to zero

$$e_{pd} = \frac{\% \Delta Q_d = 12\%}{\% \Delta P \sim 0\%}$$



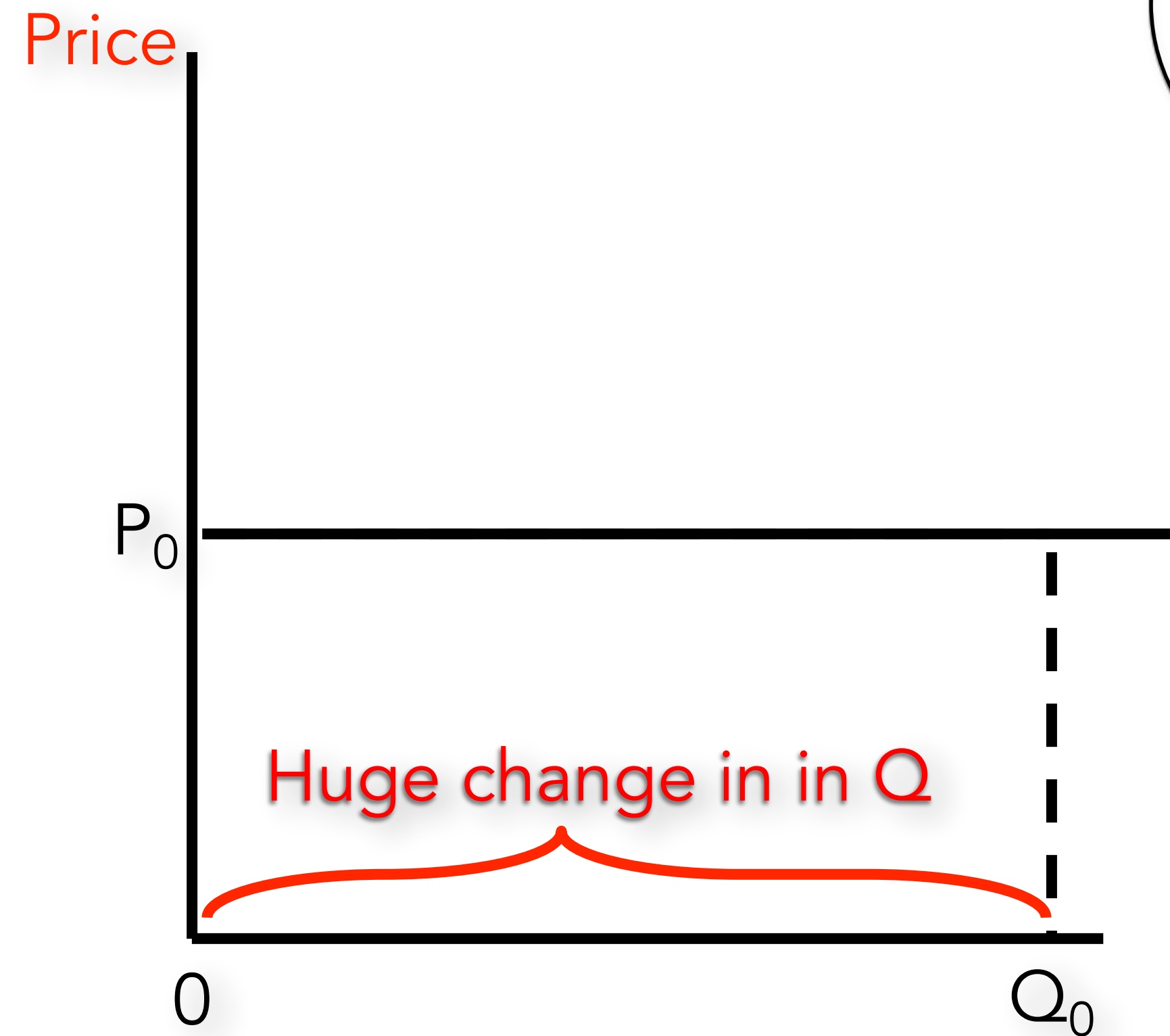
Any number
divided by **zero**
equal infinity

$e_p d$

$=$



Demand is **Perfectly**
Elastic



Any number
divided by **zero**
equal infinity

$$e_p^d = \frac{\% \Delta Q^d = 12\%}{\% \Delta P \sim 0\%}$$

$$e_p^d = \infty$$

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