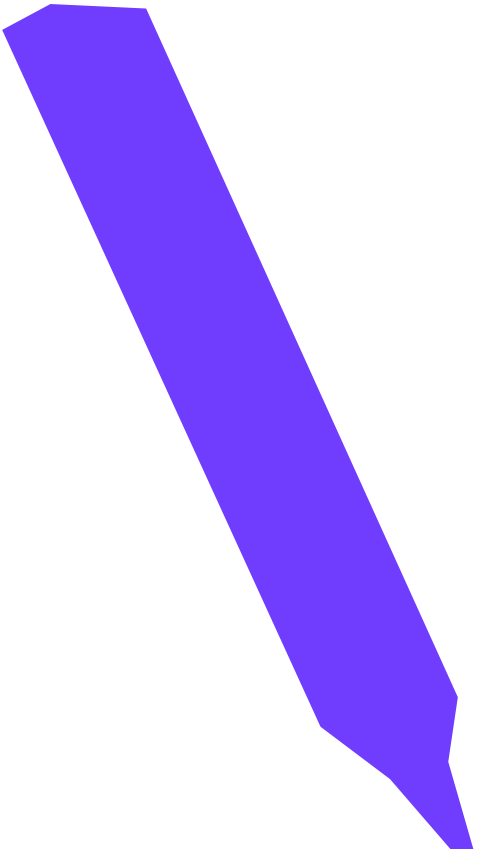
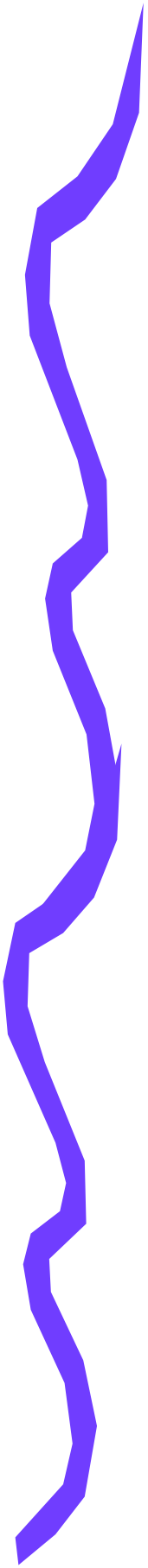
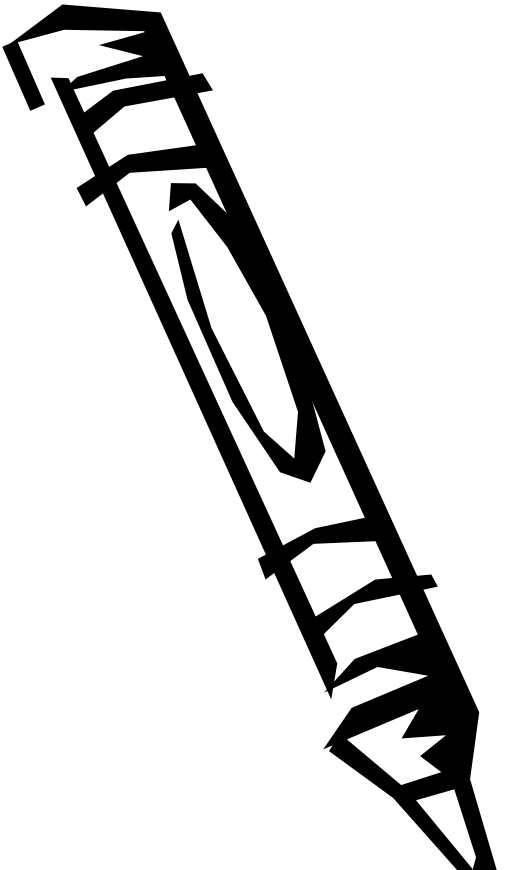






It has been observed that a 5% increase in price, caused a 10% reduction in quantity demanded.

Calculate the elasticity

Elasticity of Demand (ignoring the sign) is greater than one: Demand is Elastic

$$= -2$$

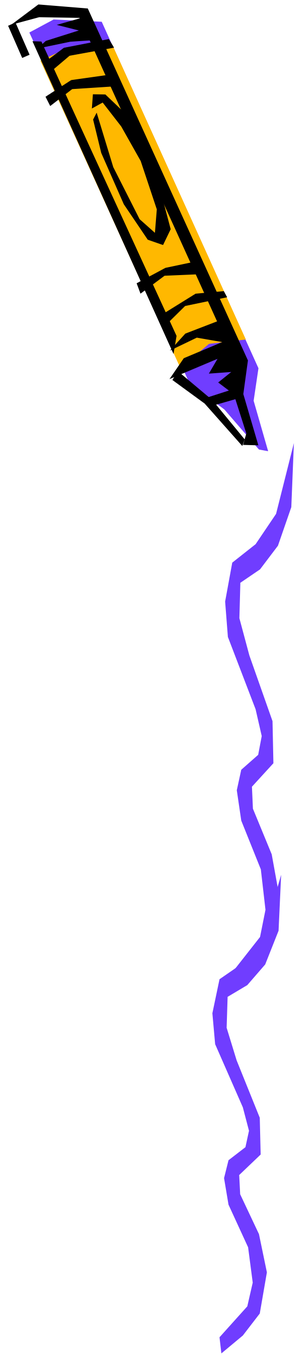
$$e_p{}^d = \frac{-10}{5}$$

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

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

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

$$e_p{}^d = \frac{-10}{5} = -2$$

Elasticity of Demand (ignoring the sign) is greater than one: Demand is Elastic

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