













If price elasticity of demand = -0.5

And price drops by 15% what would be  
the resulting change in  $Q^d$ ?





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

$$-0.5 = \frac{\% \Delta Q^d}{-15\%}$$

$$-0.5 \times -15 = \% \Delta Q_d$$





































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$$+7.5\% = \% \Delta Q_d$$



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$$+7.5\% = \% \Delta Q^d$$

If **price drops by 15%** the quantity demanded will increase by **7.5%**

Price	Q demanded	Elasticity
140	0	
130	5	-13.00
120	10	-6.00
110	15	-3.67
100	20	-2.50
90	25	-1.80
80	30	-1.33
70	35	-1.00
60	40	-0.75
50	45	-0.56
40	50	-0.40
30	55	-0.27
20	60	-0.17
10	65	-0.08
0	70	