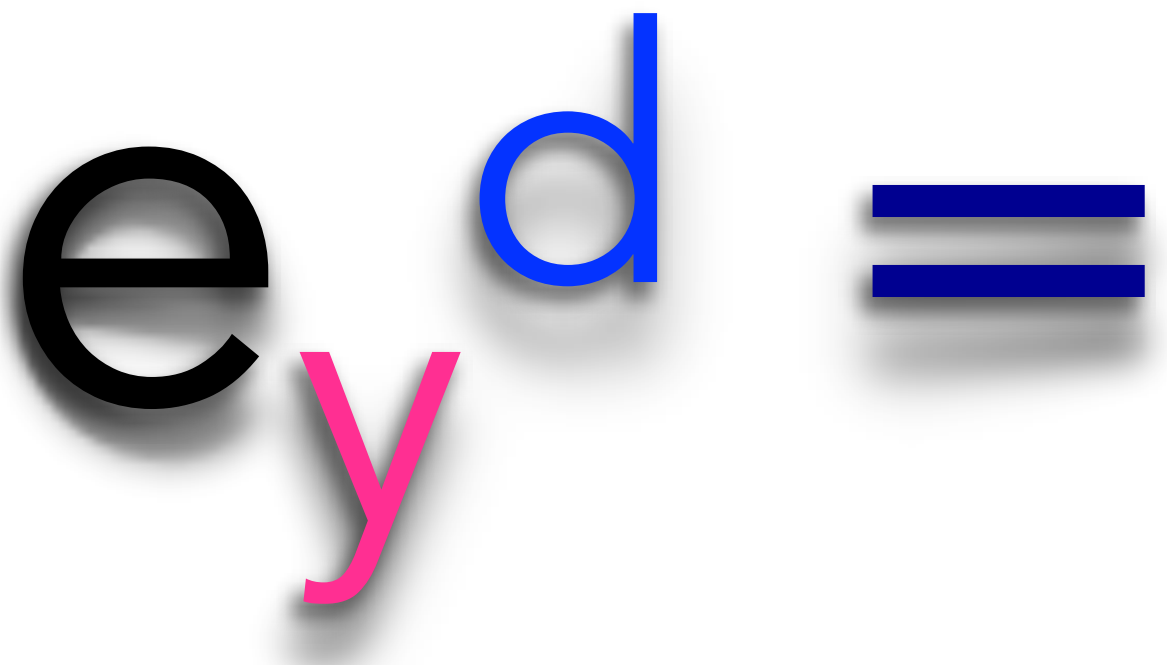
% change in Income

% change in D

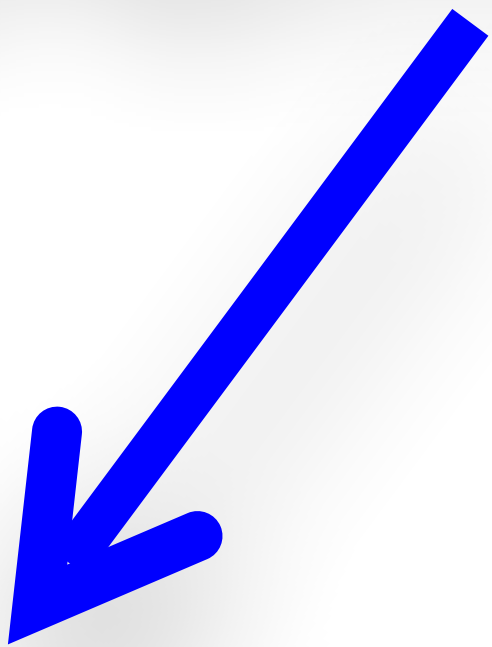
Size of the change in Demand

Size of the change in Income


e
y
d
=

Income

Demand



Formula to calculate the Income elasticity of Demand

$$\left(\frac{\text{Change in } D}{\text{Average } D} \right)$$

$$\left(\frac{\text{Change in Income}}{\text{Average Income}}\right)$$

$$e_y^d = \frac{\%\Delta D}{\%\Delta \text{Income}}$$

Formula to calculate the Income elasticity of Demand

Demand

$$e_y^d = \frac{\text{Size of the change in Demand}}{\text{Size of the change in Income}} = \frac{\left(\frac{\text{Change in D}}{\text{Average D}}\right)}{\left(\frac{\text{Change in Income}}{\text{Average Income}}\right)}$$

Income

$$\frac{\text{\% change in D}}{\text{\% change in Income}}$$

$$e_y^d = \frac{\%\Delta D}{\%\Delta \text{Income}}$$

Income	Demand Good X
1000	300
2000	400