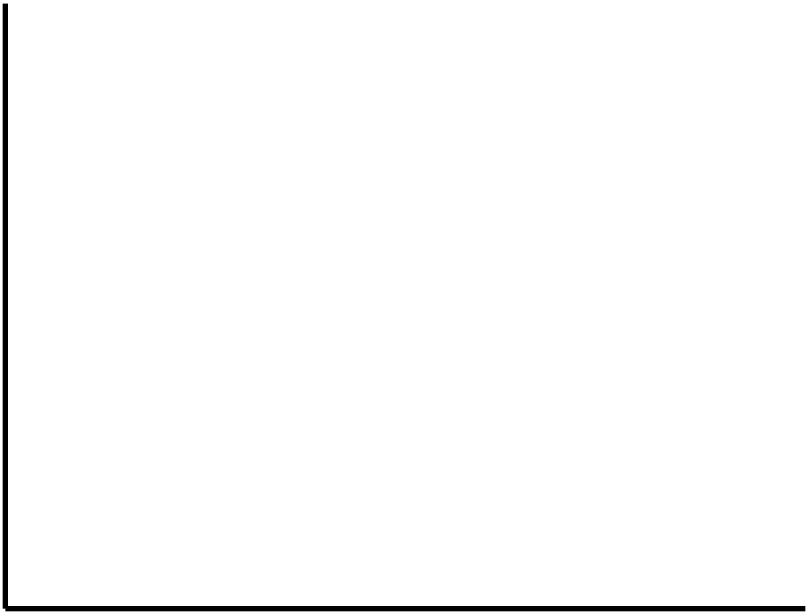


$$e_p^d = \frac{\text{Very large change in } Q^d}{\text{Almost zero change in } P}$$







$q_d = 10,000$ units

$q_d \equiv 0$ units





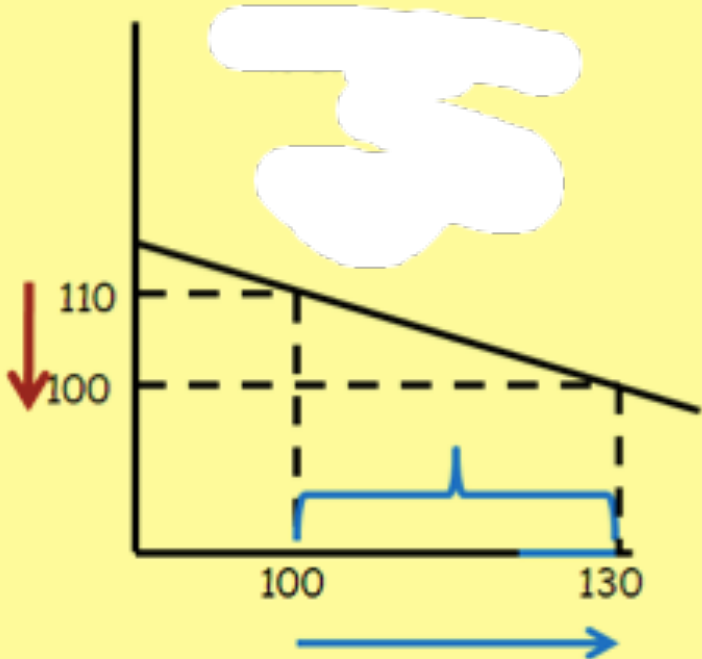
0.61



Almost no
change in P

Very large
change in Q^d





$e_p d > 1$

% Change
in
Quantity

% Change
in Price





Consumers Over react:
Demand is Elastic

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

Extreme sensitivity to
prices: Perfectly Elastic
Demand



$$e_p^d = \frac{\infty}{\sim 0}$$

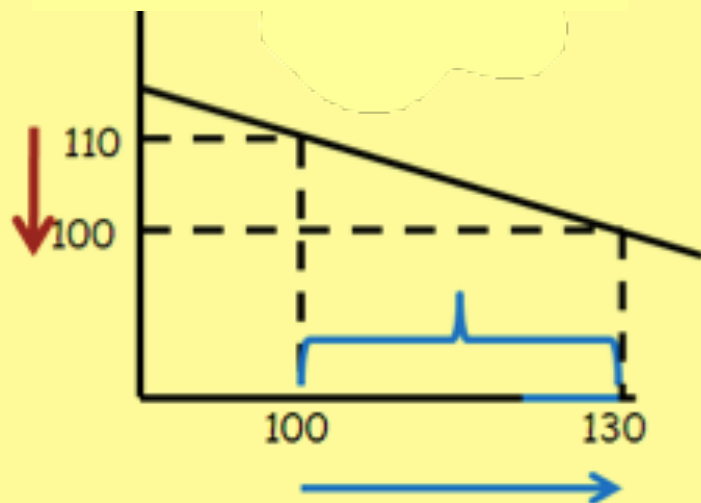
$$e_p^d = \infty$$

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

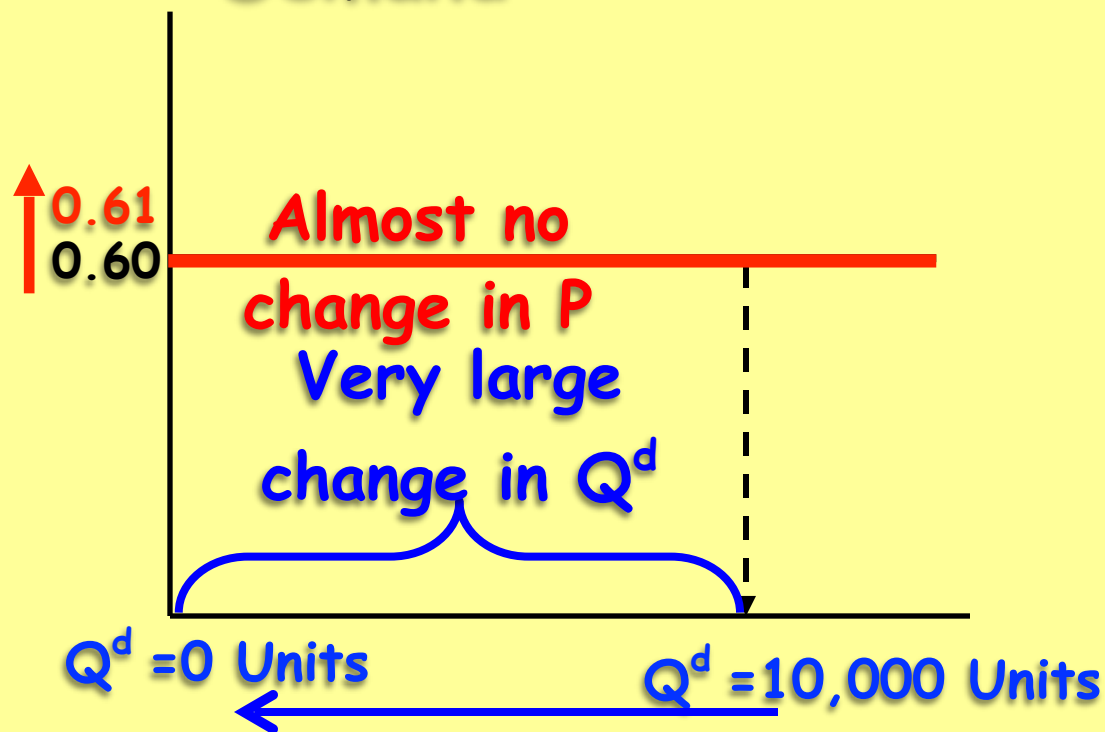
$$e_p^d > 1$$

% Change in Quantity > % Change in Price

Consumers **Over** react:
Demand is **Elastic**



Extreme sensitivity to
prices: **Perfectly Elastic**
Demand



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