

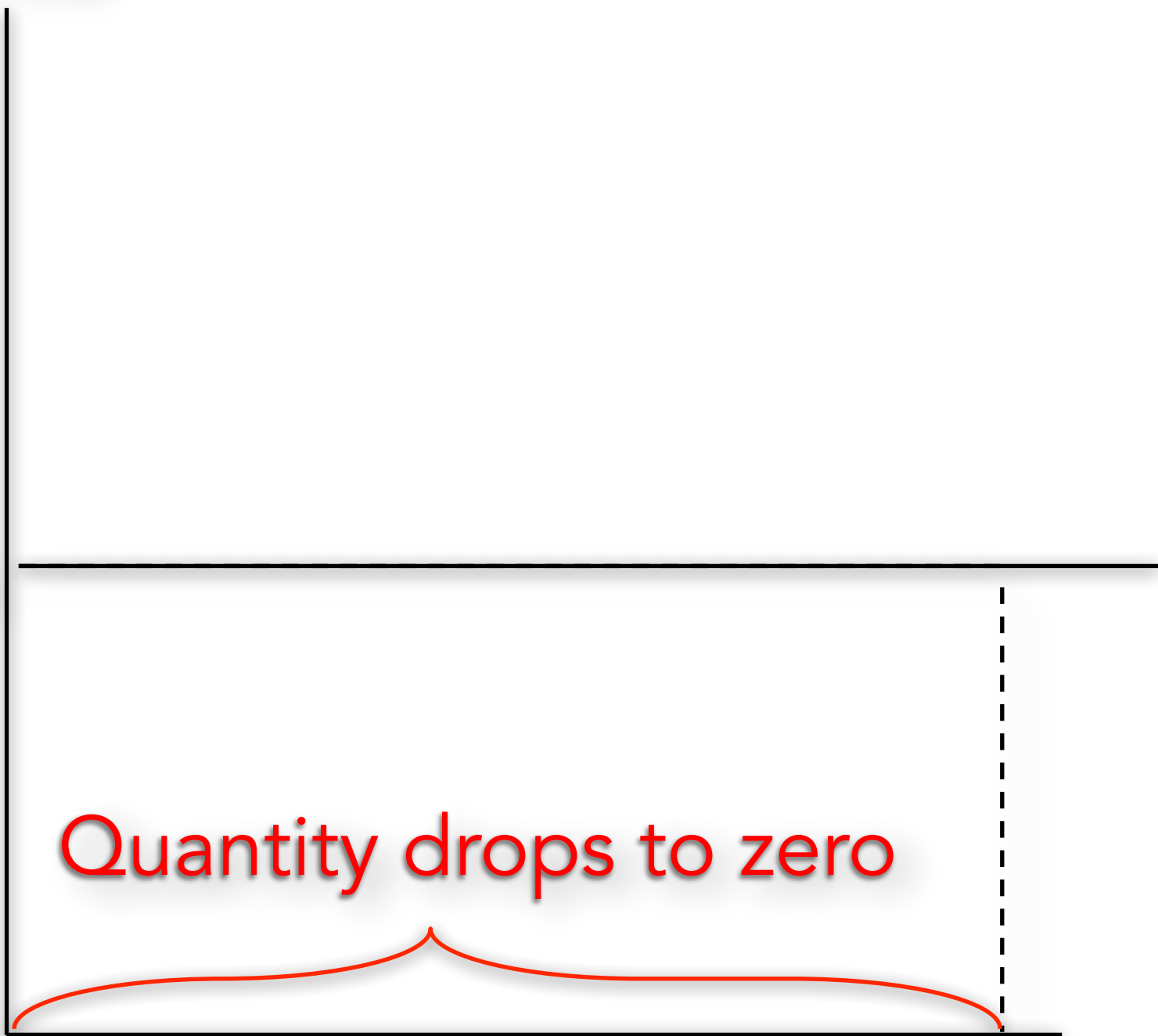
Price

P_0

Quantity drops to zero

0

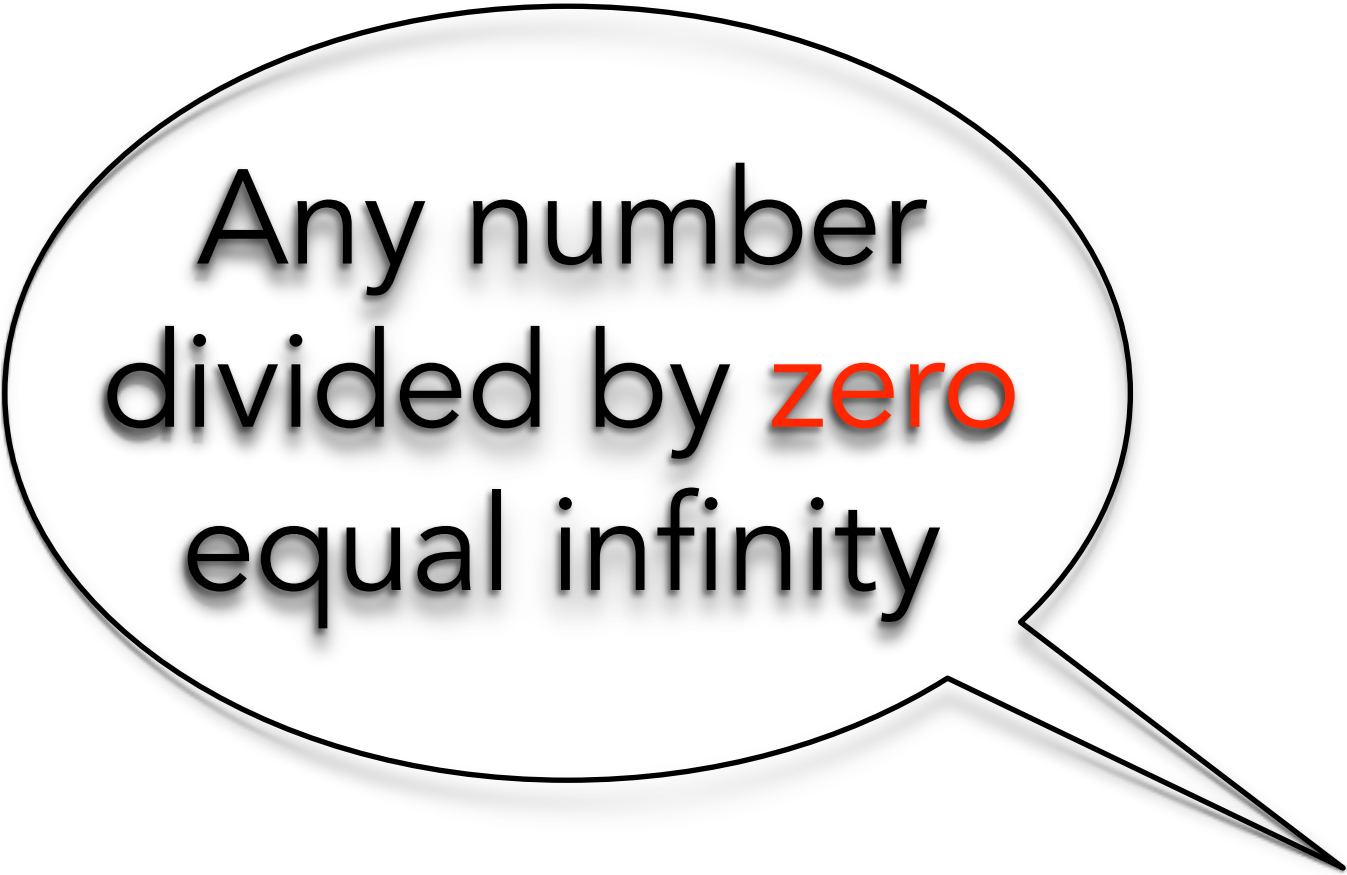
Q_0



Demand is Perfectly
Elastic

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

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



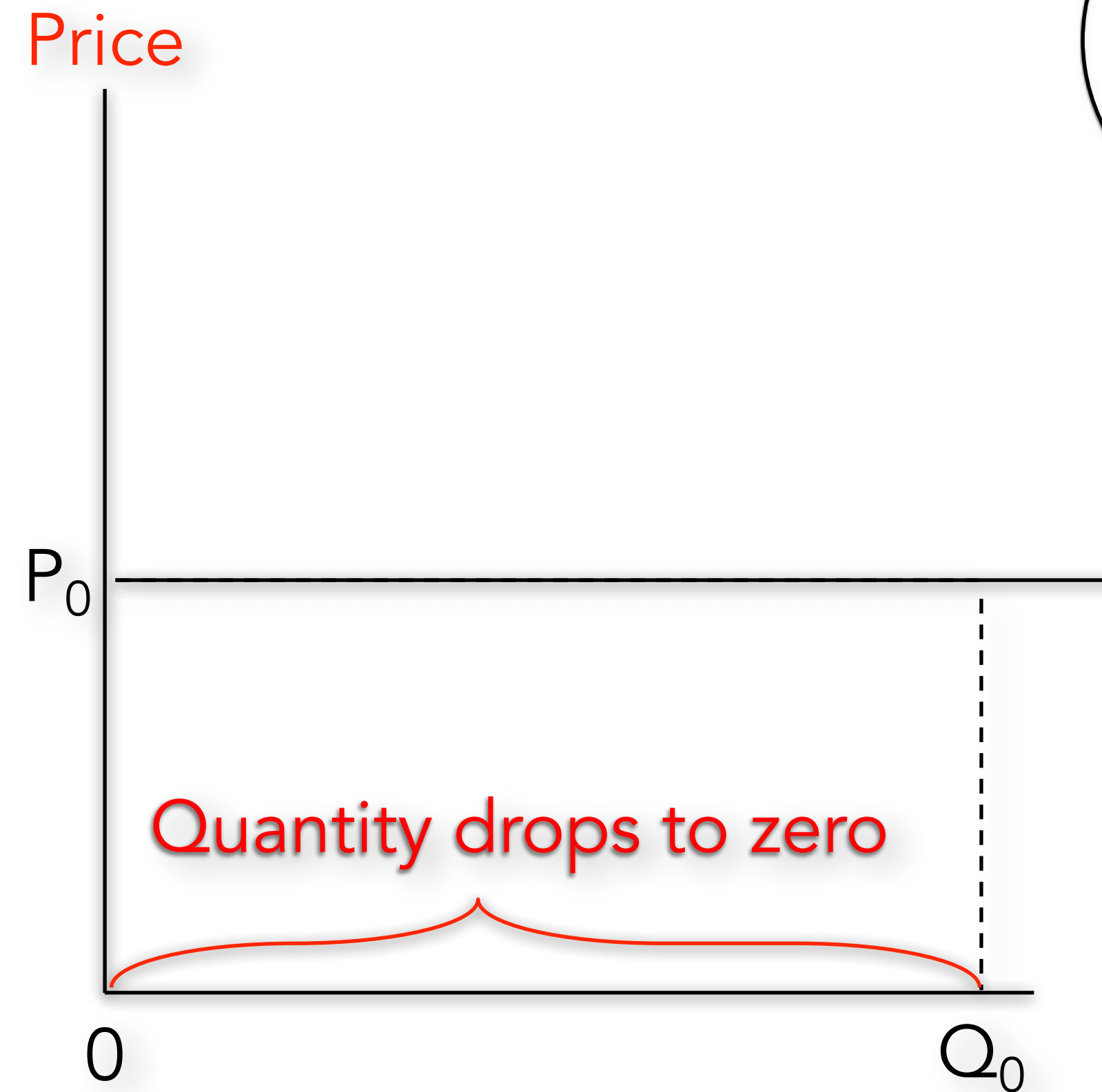
Any number
divided by **zero**
equal infinity

$e_p d$

$=$



Demand is Perfectly Elastic



Any number divided by **zero** equal infinity

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

$$e_p^d = \infty$$

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