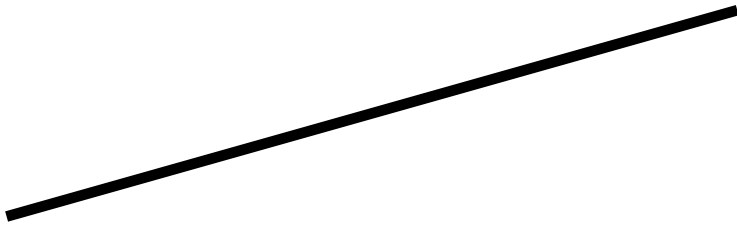


Use
points C
and D







C

A large, light pink oval shape serves as the background for the entire image. It is centered and has a soft, slightly irregular edge.

30

A large, solid pink circle is centered on a white background. Inside the circle, the number '10' is written in a large, black, sans-serif font.

10



40



80



Use these two quantities to calculate the elasticity at point B



Use these two prices
to calculate the
elasticity at point B

Calculating the elasticity at *one* point along a demand line

Make "B" the Midpoint by using **any** two points which are the **same distance** from **B**



D



%Δ Qd =

$$(80-40) \div [(80+40)]/2$$
$$= 40 \div 60 = 0.67$$

$\% \Delta \text{ Price} =$

$$(30-10) \div [(30+10)]/2$$

$$= 20 \div 20 = 1$$

Price Elasticity of Demand at
point B = $0.67/1$
= -0.67



B



Always Negative:
add a negative
sign



B

Example: to calculate the elasticity at point

Example: to calculate the elasticity at point **B**

Make "B" the Midpoint by using **any** two points which are the **same distance** from B

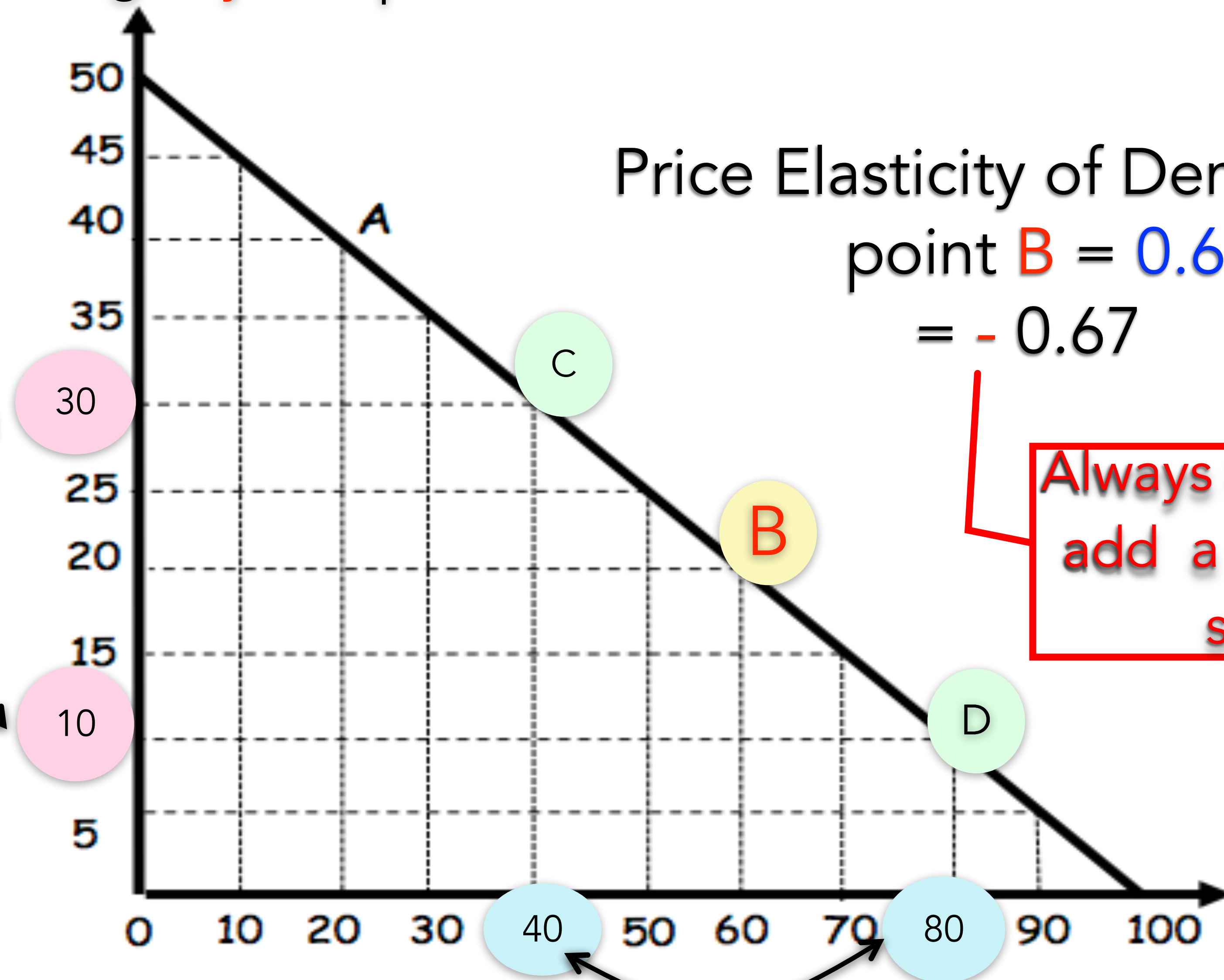
$\% \Delta Q^d =$

$$(80 - 40) \div [(80 + 40)] / 2 \\ = 40 \div 60 = 0.67$$

Use these two prices
to calculate the
elasticity at point B

$\% \Delta \text{Price} =$

$$(30 - 10) \div [(30 + 10)] / 2 \\ = 20 \div 20 = 1$$



Price Elasticity of Demand at
point **B** = $0.67 / 1$
= -0.67

Always Negative:
add a negative
sign

Use these two quantities to calculate the elasticity at point B

To calculate the Elasticity at point B

