$$e_{x,y}^{d} > 1$$

When two goods are very close substitutes, the size of the demand shift is large

$$e_{x,y}^{d} < 1$$

When two goods are not close substitutes, the size of the demand shift is small

$$e_{x,y}^{d} > 0$$

Cross Price Elasticity for complement goods is Negative

$$e_{x,y}{}^{d} < 0$$

The size of the Cross Price Elasticity tells us how closely are goods related….

$e_y^d > 1$

Two brands of the same good are very closely related, the demand for one will shift a lot when the other becomes more expensive

$$e_{x,y}^{d} < 1$$

Tea and chocolate are not close subsittutes. Demand for chocolate increase when tea becomes more expensive but not a lot

$$\left| e_{x,y}{}^{d} \right| > 1$$

When two goods are very close complements, the size of the demand shift is large

$$|e_{x,y}^{d}|<1$$

When two goods are

not close

complements, the

size of the demand

shift is small

$$\left| e_{x,y}^{d} \right| > 1$$

When the price of video game consoles drops demand for games

increase a lot

$$\left| e_{x,y}{}^{d} \right| < 1$$

When the price of shoes drops, demand for insoles increase but not a lot

Cross Price Elasticity for Substitute goods is Positive

The size of the Cross Price Elasticity tells us how closely are goods related….

Cross Price Elasticity for Substitute goods is Positive

$+ \; e_{x,y}^{d} > 0$

Cross Price Elasticity for complement goods is Negative

$- \; e_{x,y}^{d} < 0$

$e_{y}^{d} > 1$

Two brands of the same good are very closely related, the demand for one will shift a lot when the other becomes more expensive

$e_{x,y}^{d} < 1$

Tea and chocolate are not close subsittutes. Demand for chocolate increase when tea becomes more expensive but not a lot

$\left| e_{x,y}^{d} \right| > 1$

When the price of video game consoles drops demand for games increase a lot

$\left| e_{x,y}^{d} \right| < 1$

When the price of shoes drops, demand for insoles increase but not a lot