


Example: It has been observed that a 20% decrease in price, caused a 5% increase in quantity demanded. Calculate the Elasticity

Elasticity of Demand (ignoring the sign) is

less than one: Demand is **Inelastic**

= -0.25

$$e_p^d = \frac{+5}{-20}$$

A black and white speech bubble with a tail pointing towards the top-left. The bubble contains the text "Elasticity has NO units" in a bold, sans-serif font.

**Elasticity has
NO units**

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

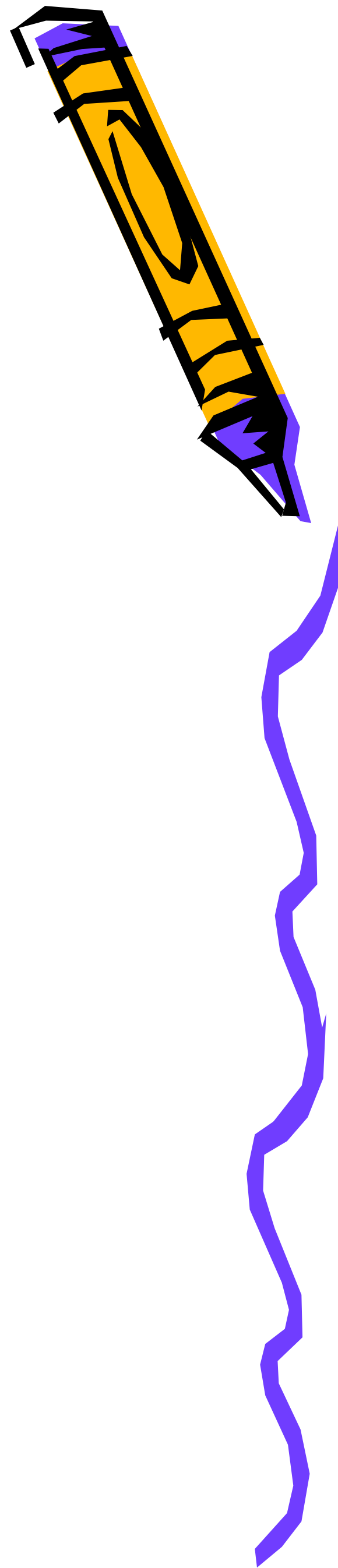
$$e_p^d = \frac{\% \Delta Q^d}{\% \Delta P}$$

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$$e_p^d = \frac{+5}{-20} = -0.25$$

Elasticity has
NO units

Elasticity of Demand (ignoring the sign) is
less than one: Demand is Inelastic



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

Example: It has been observed that a 5% increase in price, caused a 10% reduction in quantity demanded. Calculate the elasticity

