



As Price Increases

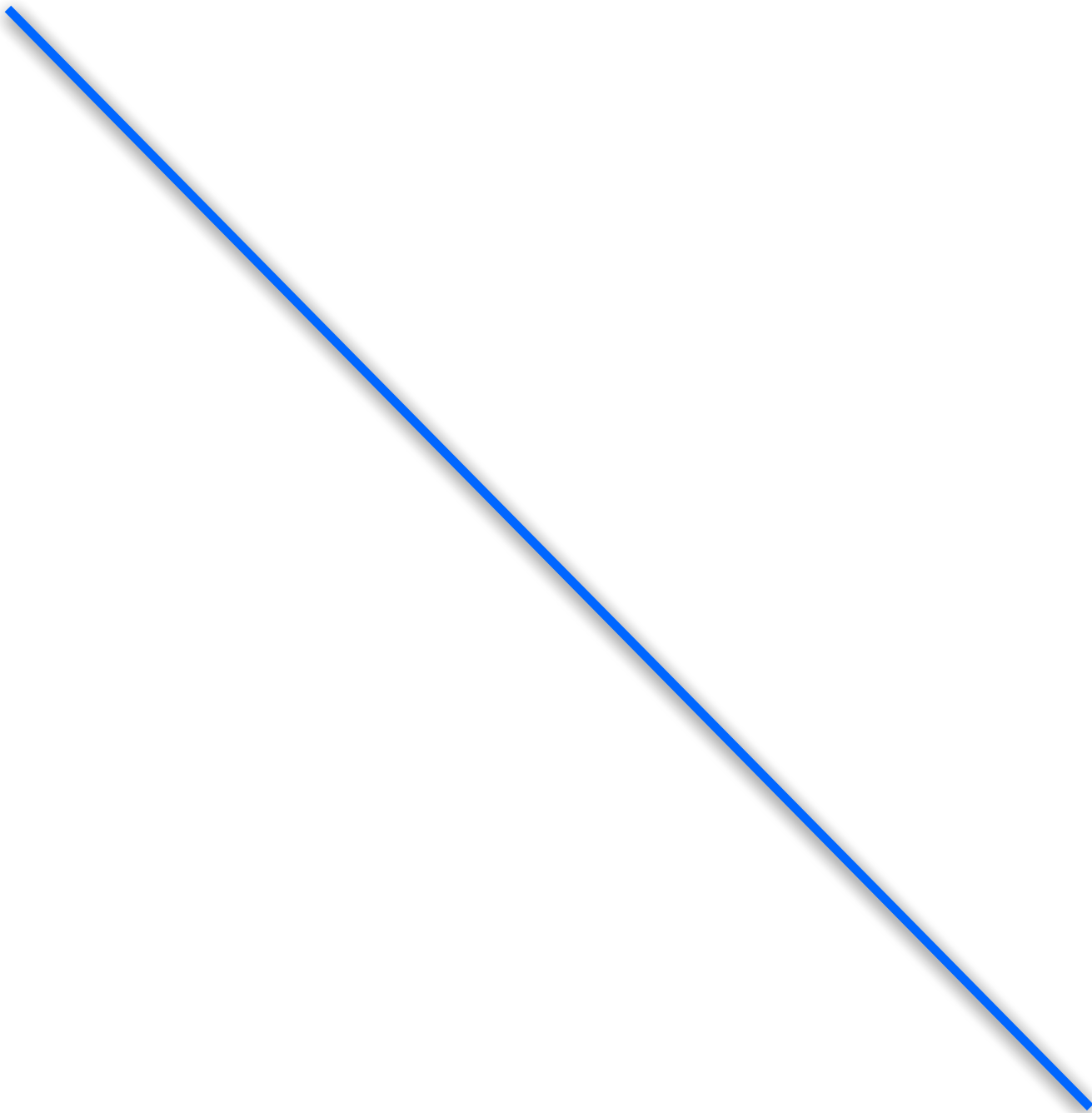
For low prices,  
demand is  
inelastic:  $|el| < 1$

For high prices,  
demand is  
elastic:  $|e| > 1$



At the  
midpoint,  
 $|e| = 1$







Elasticity Increase



140

130

120

110

100

90

80

70

60

50

40

30

20

10

0

---

13.00

6.00

3.67

2.50

1.80

1.33

1.00

0.75

0.56

0.40

0.27

0.17

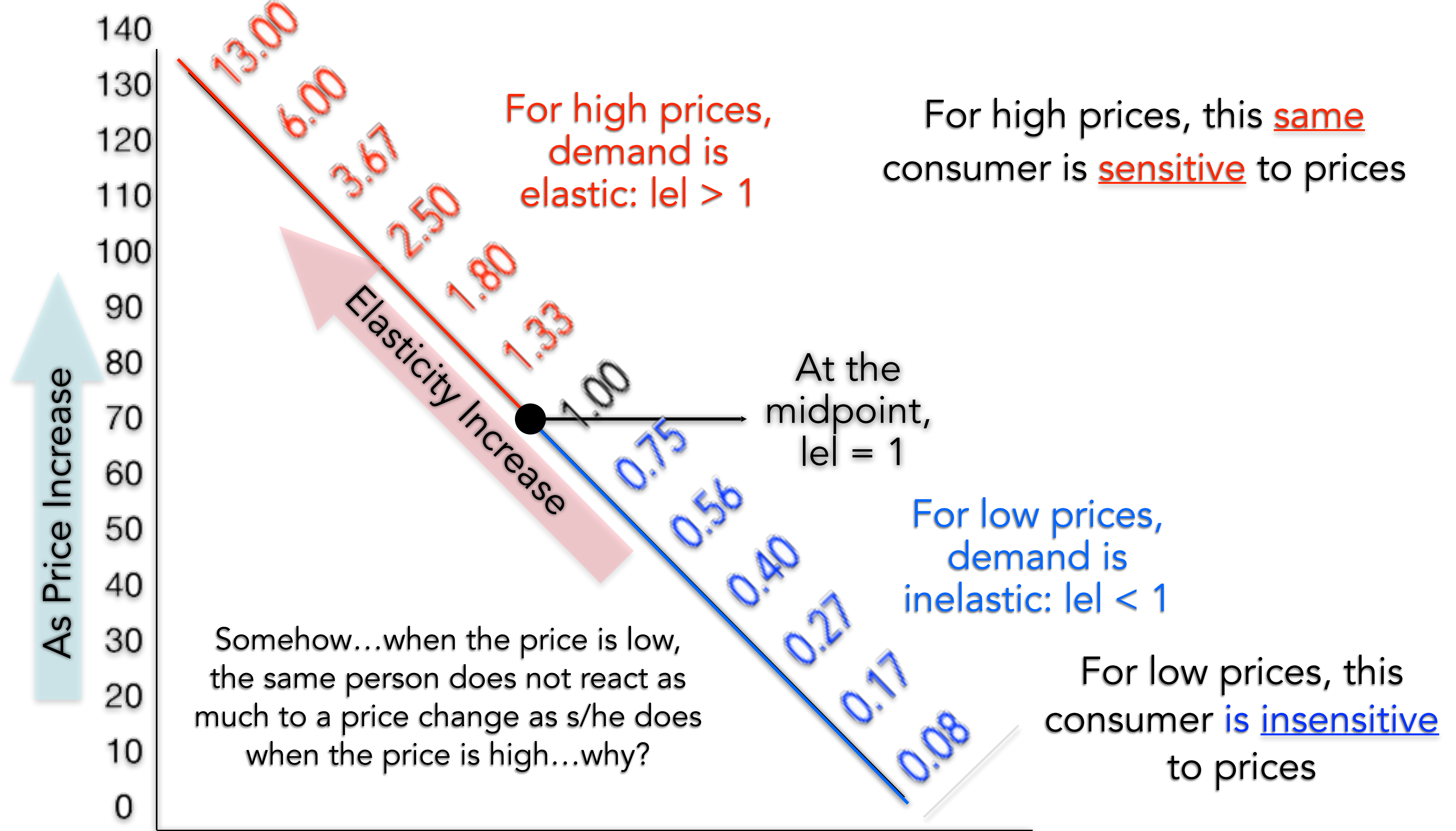
0.08

For low prices, this  
consumer is insensitive  
to prices



For high prices, this same  
consumer is sensitive to prices

Somehow...when the price is low,  
the same person does not react as  
much to a price change as s/he does  
when the price is high...why?



# Elasticity **Changes Along** the Demand Line

