










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

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



Elasticity has
NO units

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

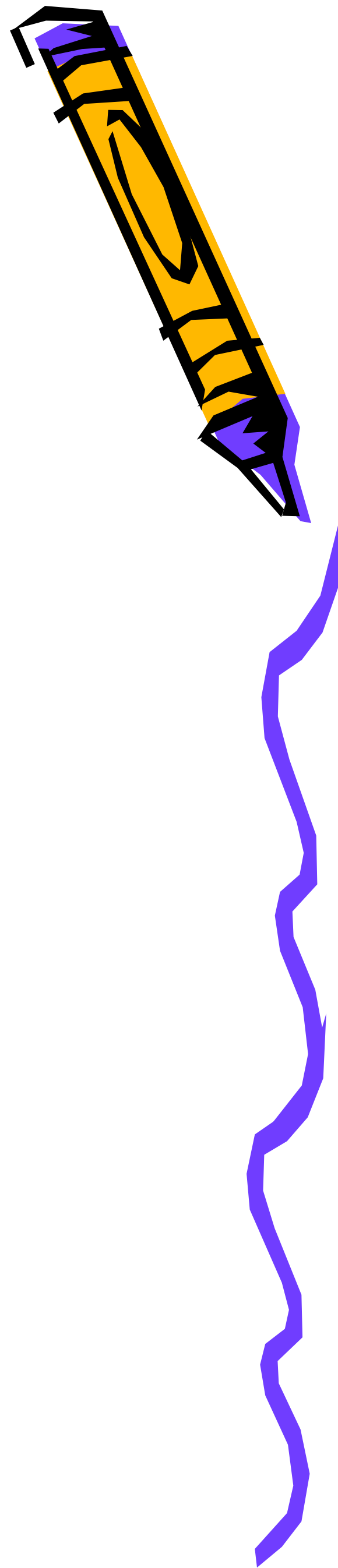
$$e_p^d = \frac{\% \Delta Q^d}{\% \Delta P}$$

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

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

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

