

It has been observed that a 5% increase in price,
caused a 10% reduction in quantity demanded.

Calculate the elasticity

Elasticity of Demand (ignoring the sign) is

greater than one: Demand is Elastic

= - 2

$$e_p^d = \frac{-10}{5}$$

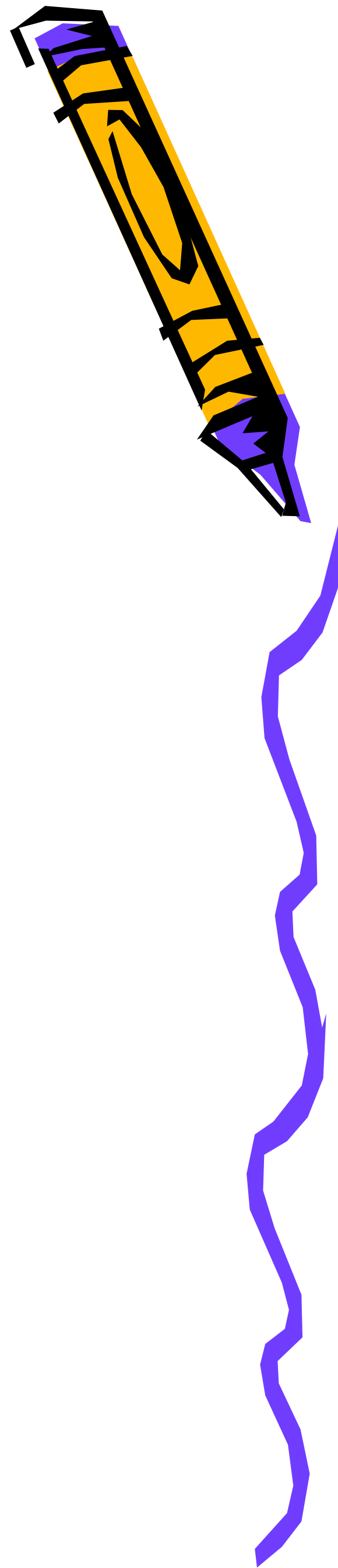
$$e_{pd} = \frac{\% \Delta Q_d}{\% \Delta P}$$

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

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Calculate the elasticity

$$e_p^d = \frac{-10}{5} = -2$$

Elasticity of Demand (ignoring the sign) is greater than one: Demand is Elastic



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

