



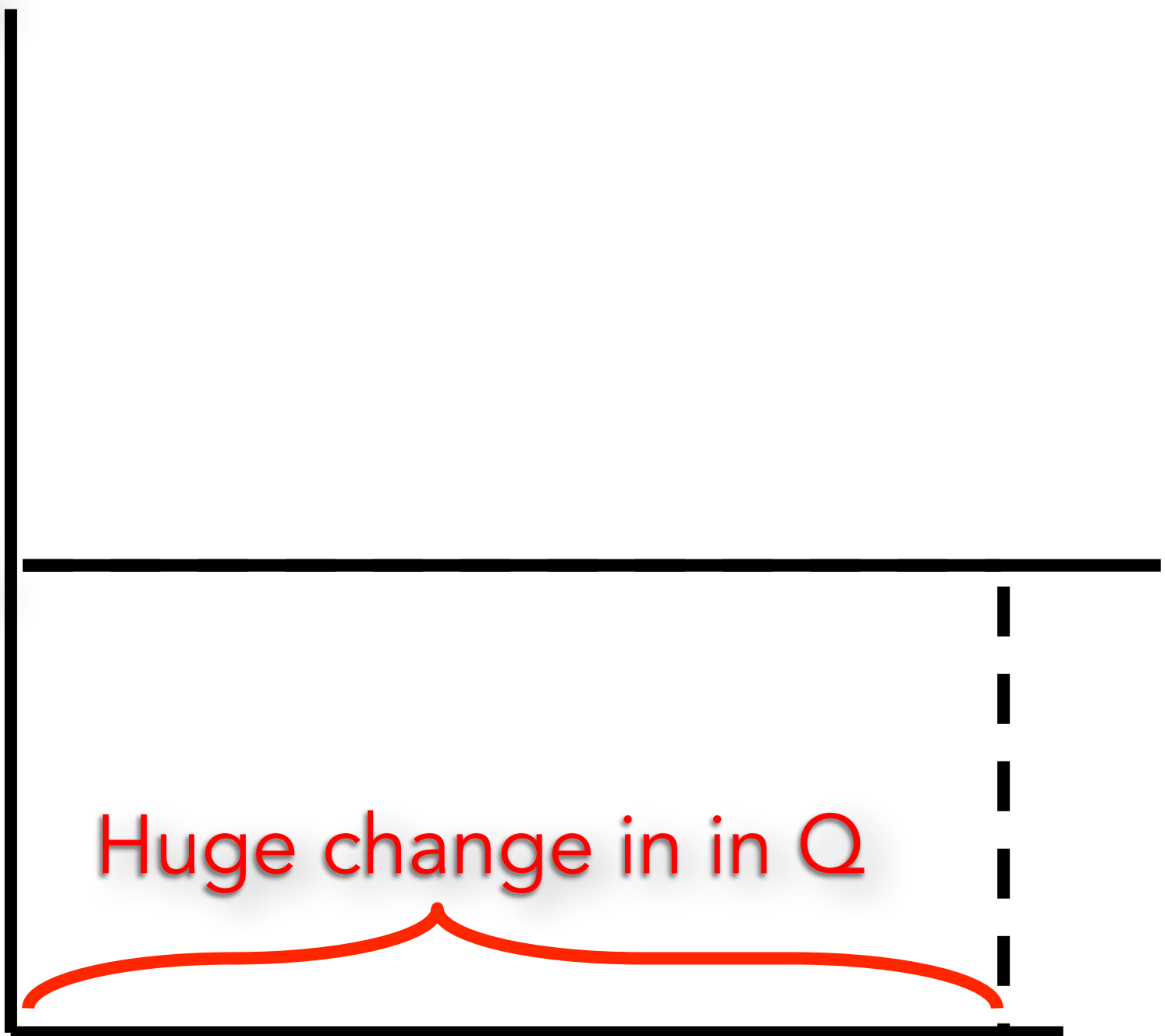
Price

$P_0$

Huge change in in Q

0

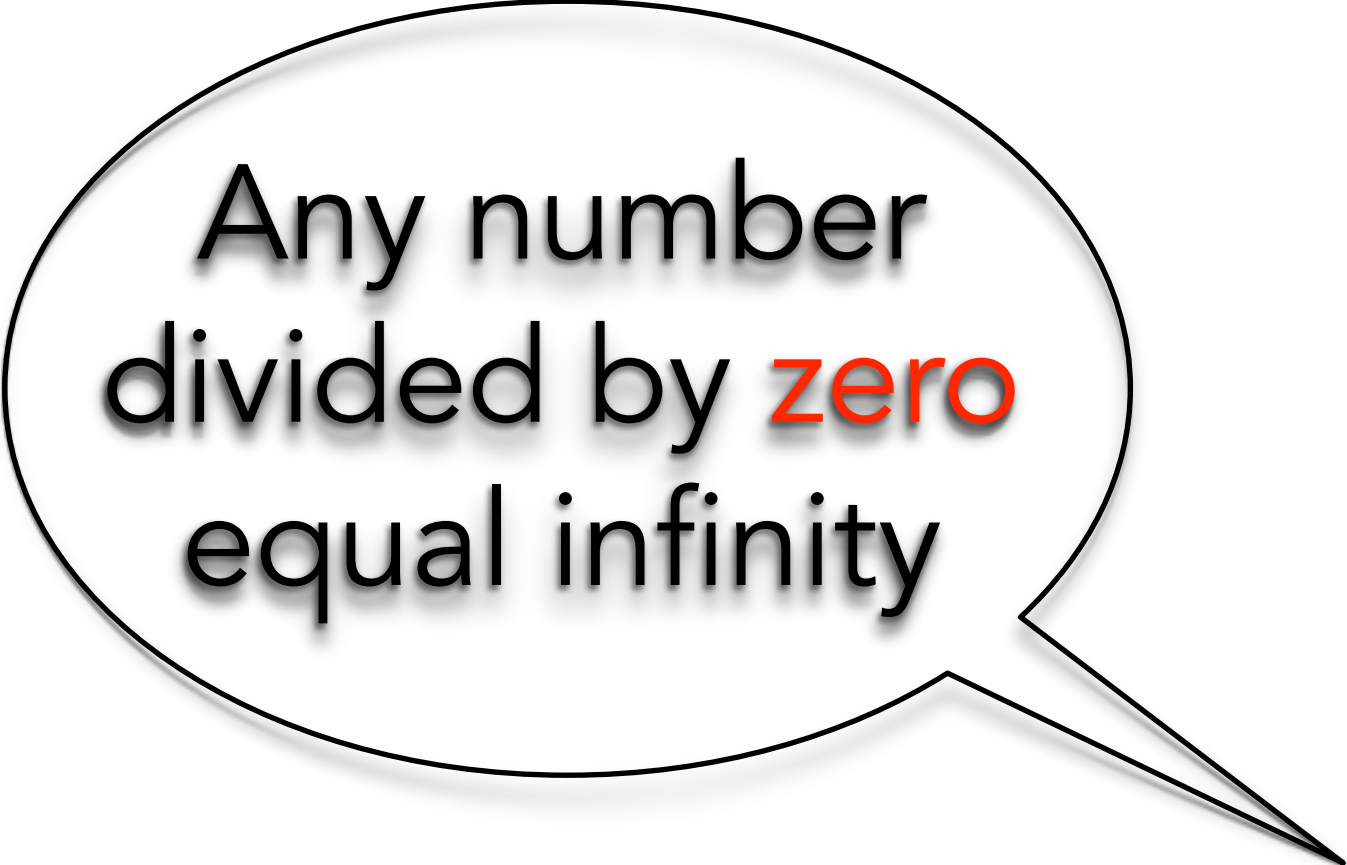
$Q_0$



Demand is Perfectly  
Elastic

Any increase in price (even a change close to **zero**)  
will cause the quantity demanded to drop to zero

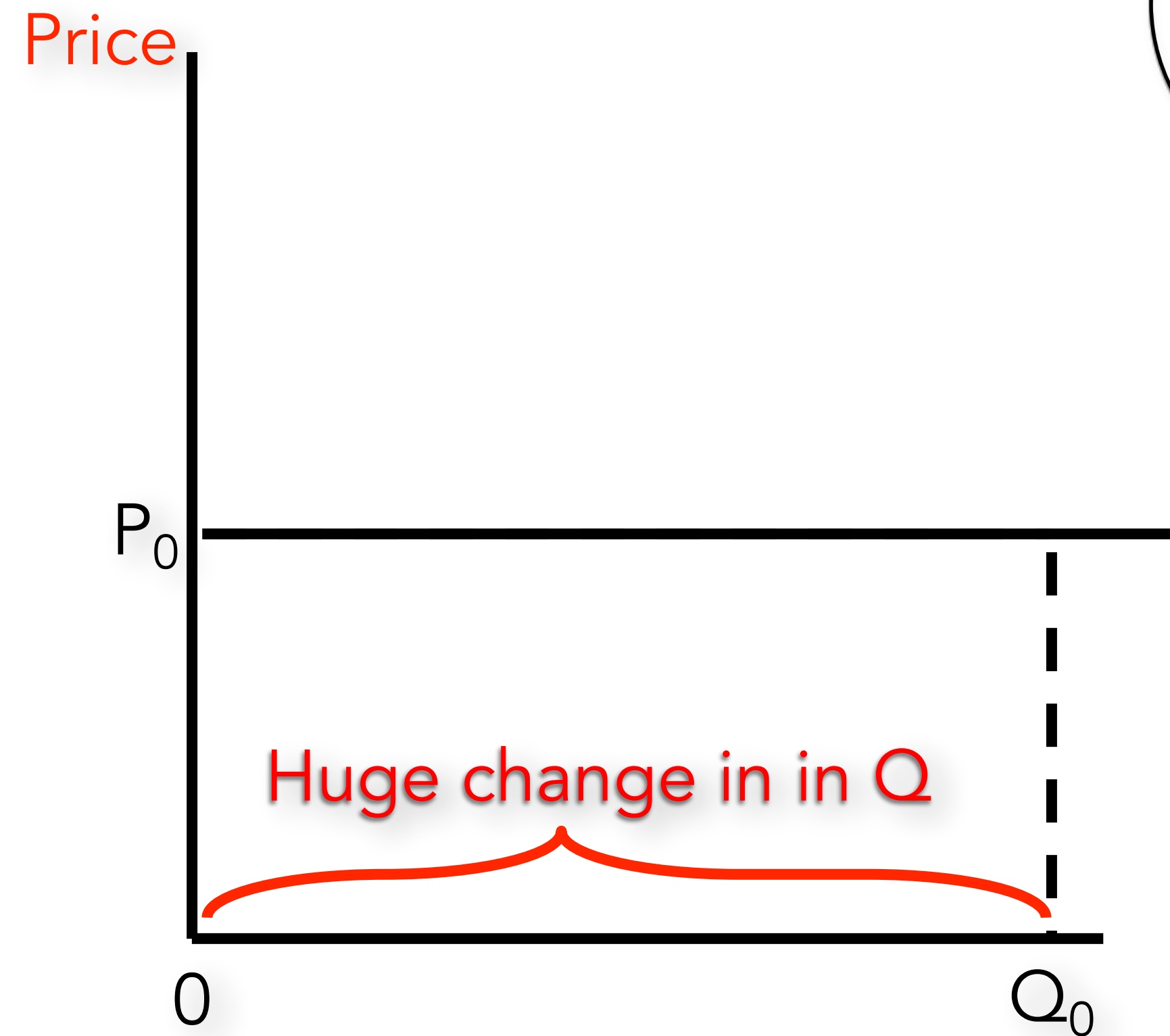
$$e_{pd} = \frac{\% \Delta Q_d = 12\%}{\% \Delta P \sim 0\%}$$



Any number  
divided by **zero**  
equal infinity

$$e_p d = \infty$$

Demand is **Perfectly**  
Elastic



Any number  
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$$e_p^d = \frac{\% \Delta Q^d = 12\%}{\% \Delta P \sim 0\%}$$

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