













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**

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

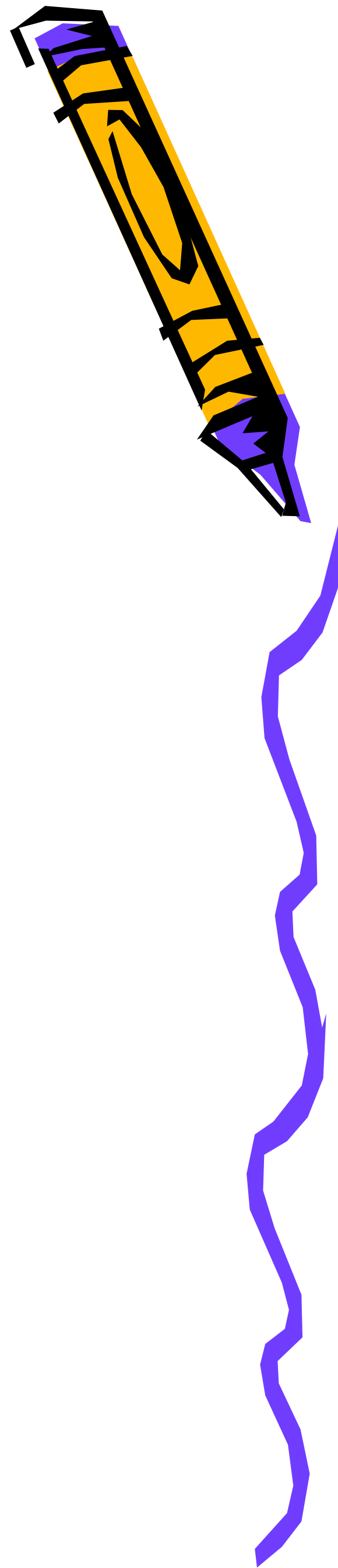
$$e_{pd} = \frac{\% \Delta Q_d}{\% \Delta P}$$

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

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

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

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



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

