













The price elasticity of demand = -0.5

Calculate the necessary change in price  
to cause a 10% reduction in  $Q^d$





$$\% \Delta P = \frac{-10}{-0.5}$$

$$\% \Delta P = +20$$



**n**









d

e









a

u



**S**

e

a







d

**r**





p



**n**

**Q**

d

**p**







C

e

**m**

u

**S**







n







a

S



**b**



Y

2





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

A large, light red arrow pointing to the right, centered on a white background. The arrow has a black outline and a slight drop shadow. The word "Rearrange" is written in a large, black, sans-serif font across the middle of the arrow.

Rearrange

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

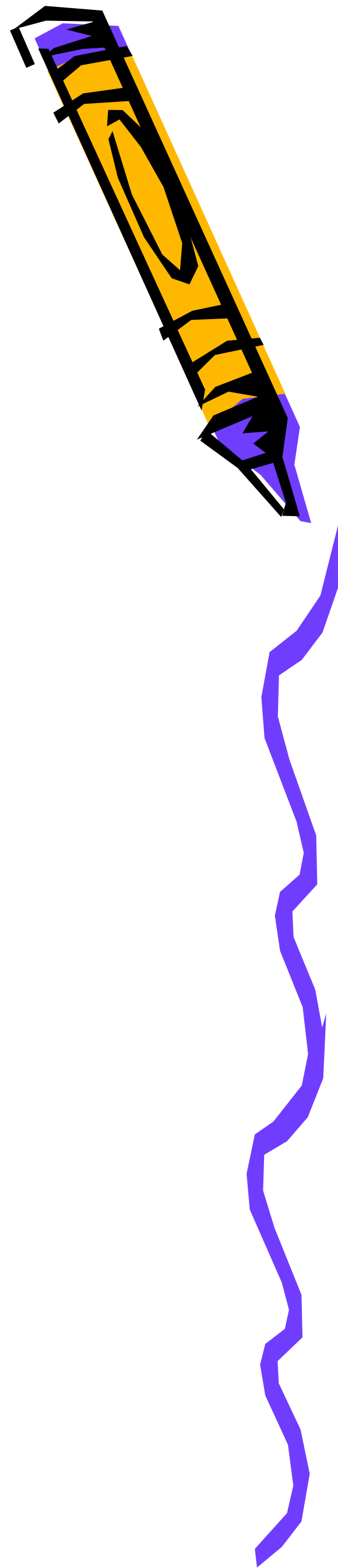
$$e_p^d = \frac{\% \Delta Q^d}{\% \Delta P} \quad \text{Rearrange} \quad \% \Delta P = \frac{\% \Delta Q^d}{e_p^d}$$

The price elasticity of demand = -0.5  
Calculate the necessary **change in price**  
to cause a **10% reduction in  $Q^d$**

$$\% \Delta P = \frac{-10}{-0.5}$$

$$\% \Delta P = +20$$

In order to cause a  
**10% drop** in  $Q^d$  price  
must **increase by**  
**20%**





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

