

Elasticities (summary)

Elasticity	Formula	Cases
Price elasticity of demand (e)	$e = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$ (e in absolute values)	<ul style="list-style-type: none"> • Perfectly elastic demand (e = ∞) • Perfectly inelastic demand (e = 0) • Unit elastic demand (e = 1) • Elastic demand (e > 1) • Inelastic demand (e < 1)
Cross-price elasticity of demand (Ce)	$C_e = \frac{\% \text{ change in quantity demanded of good X}}{\% \text{ change in the price of good Y}}$	<ul style="list-style-type: none"> • Substitutes (Ce > 0) • Complements (Ce < 0)
Income elasticity of demand (Ie)	$I_e = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in income}}$	<ul style="list-style-type: none"> • Inferior goods (Ie < 0) • Normal goods (Ie > 0); in addition: <ul style="list-style-type: none"> •• Income elastic (Luxuries) (Ie > 1) •• Income inelastic (Necessities) (Ie < 1)
Price elasticity of supply (Se)	$S_e = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$	

For more details on the [Price elasticity of demand](#) click here!