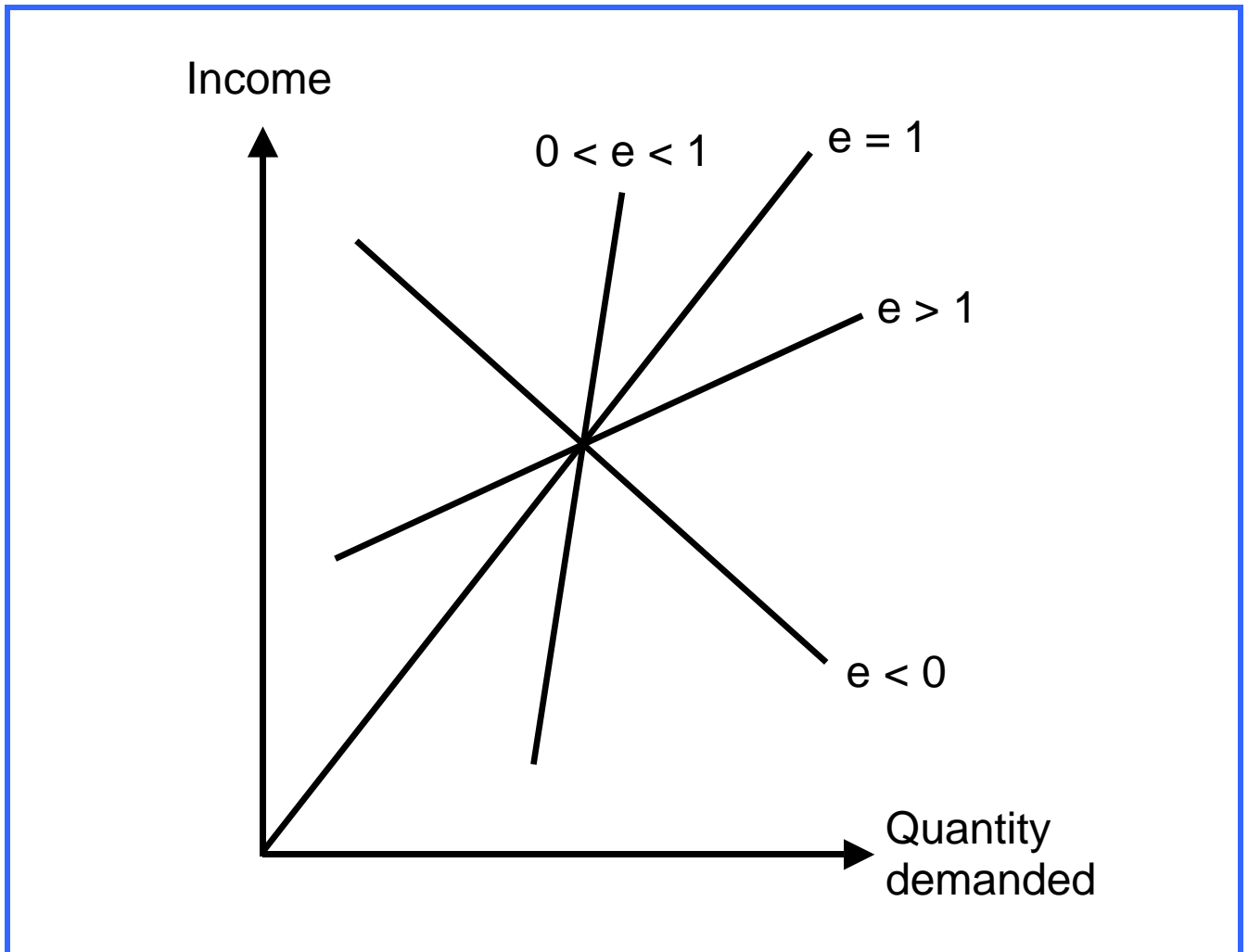


# Engel curves



e = Income elasticity of demand

$$= \frac{\% \text{ change in quantity demanded}}{\% \text{ change in income}}$$

Types of goods:

- Luxuries:  $e > 1$
- Necessities:  $0 < e < 1$
- Inferior goods:  $e < 0$