

Business

Markets in Action Crib Sheet

Elasticity Formulae

$$\text{Price Elasticity of Demand} = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Price}}$$

$$\text{Income Elasticity of Demand} = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Income}}$$

$$\text{Cross Elasticity} = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Price of one of its substitutes or complements}}$$

