

Calculating Elasticity of Demand (do this side after competing the reverse)

Using the midpoint method, calculate the elasticity of the following good at every segment along the demand curve (if visualizing a graph would help you, then create one). For the revenue column, multiply the price by the quantity to find the total revenue. In the up or down column, draw an “up” arrow if the revenue increases and a “down” arrow if it decreases. For coefficient, write the number you get from the midpoint method calculations. For the elasticity column, note whether the good is elastic, unit elastic, or inelastic.

Price	Quantity	Revenue	Rev up or down?	Elasticity Coefficient	Elasticity up, down, unit?
\$100.00	1	\$100	_____	_____	_____
90	2	\$180	↑	$\frac{19}{3} = 6\frac{1}{3}$	E
80	4	\$320	↑	$\frac{17}{3} = 5\frac{2}{3}$	E
70	7	\$490	↑	$\frac{45}{11} = 4\frac{1}{11}$	E
60	11	\$660	↑	$\frac{26}{9} = 2\frac{8}{9}$	E
50	15	\$750	↑	$\frac{22}{13} = 1\frac{9}{13}$	E
40	18	\$720	↓	$\frac{9}{11} = 0.81$	I
30	20	\$600	↓	$\frac{7}{19} = 0.37$	I
20	21	\$420	↓	$\frac{5}{41} = 0.12$	I
10	21	\$210	↓	0	I

You can show your work here. Remember, to calculate the % change in price or quantity, subtract the new quantity from the old quantity and divide by the midpoint of the two. Give it a try!¹

¹ Need help? Ask me and/or watch the Khan Academy video <https://www.khanacademy.org/economics-finance-domain/microeconomics/elasticity-tutorial/price-elasticity-tutorial/v/price-elasticity-of-demand>