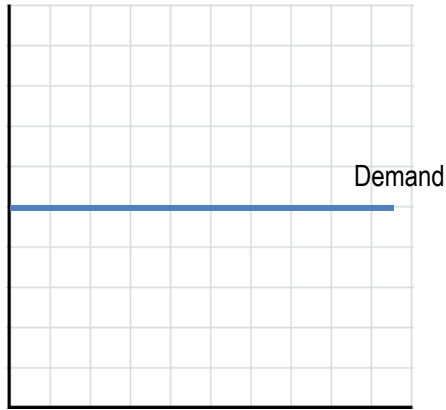


## CONCEPT: PRICE ELASTICITY OF DEMAND ON A GRAPH

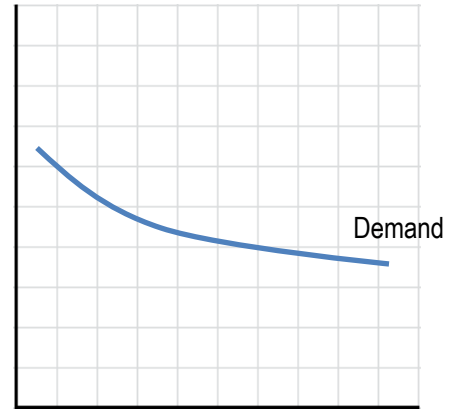
- Elasticity helps us understand what a demand curve will look like on the graph.

Perfectly Elastic:  $E_d = \text{infinity}$



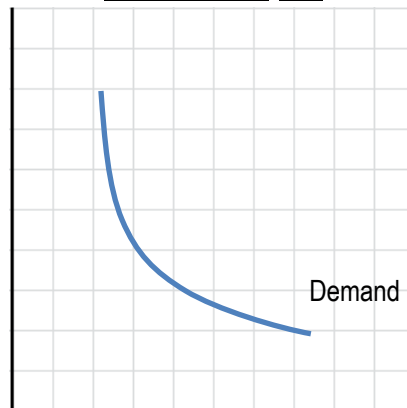
Wheat; Foreign Currency

Elastic:  $E_d > 1$



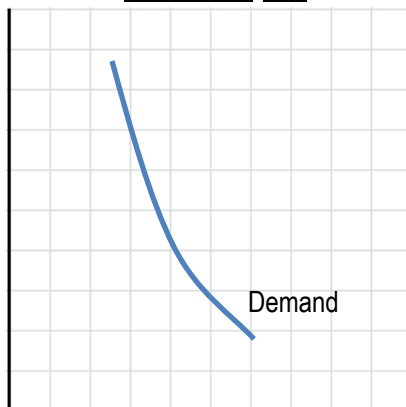
Beef; Transportation

Unit-Elastic:  $E_d = 1$



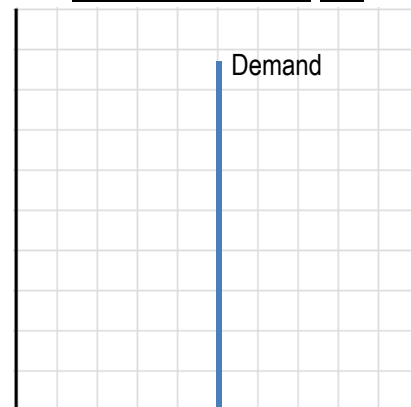
~Clothing

Inelastic:  $E_d < 1$



Cigarettes; Gasoline

Perfectly Inelastic:  $E_d = 0$



Life-saving Drug; Table Salt