


 INSERT DESIGN TRANSITIONS ANIMATIONS SLIDE SHOW REVIEW VIEW

Layout\* Reset New Slide\* Section\* Slides

Font Paragraph

Text Direction\* Align Text\* Convert to SmartArt\*

Drawing

Shape Fill Shape Cu Shape Eff Arrange Quick Styles

Editing



# DYNAMICS OF MARKETS

PRICE ELASTICITY

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Microsoft PowerPoint interface showing the ribbon (INSERT, DESIGN, TRANSITIONS, ANIMATIONS, SLIDE SHOW, REVIEW, VIEW) and a video call window in the top right corner with a woman speaking.

## CALCULATING PRICE ELASTICITY OF DEMAND

$$PED = \frac{\% \text{ CHANGE IN QUANTITY DEMANDED}}{\% \text{ CHANGE IN PRICE}}$$

% CHANGE IN PRICE

$$\% \text{ change in quantity} = 75 - 100 = -25$$

$$= \frac{-25}{100} \times 100 = -25\%$$

*original demand*

$$PED = \frac{\% \Delta Q_d}{\% \Delta P}$$

$$\% \text{ change in price} = 1500 - 1000 = 500$$

$$= \frac{500}{1000} \times 100 = 50\%$$

*original price*

### EXAMPLE PG 85 (PURPLE BOOK)

The price of a cell phone increases from R1000 to R1500 and the quantity demanded falls from 100 units to 75 units. What is the price elasticity of demand?

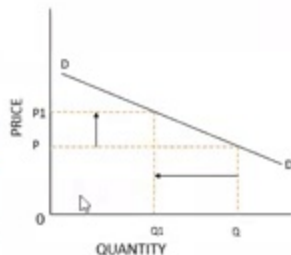
$$PED = \frac{\% \Delta Q_d}{\% \Delta P}$$

$$= \frac{-25\%}{50\%}$$

$$= 0.5$$

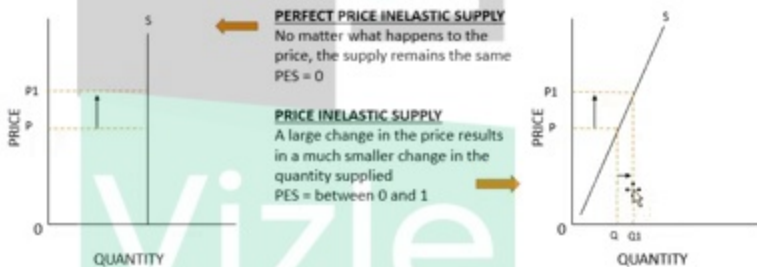
Microsoft PowerPoint interface showing the ribbon (INSERT, DESIGN, TRANSITIONS, ANIMATIONS, SLIDE SHOW, REVIEW, VIEW) and various toolbars (Font, Paragraph, Drawing, Editing). A small video feed of a woman is visible in the top right corner.

## GRAPHS – PRICE ELASTICITY OF DEMAND

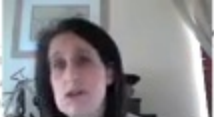


Microsoft PowerPoint interface showing the ribbon (INSERT, DESIGN, TRANSITIONS, ANIMATIONS, SLIDE SHOW, REVIEW, VIEW) and various toolbars (Font, Paragraph, Drawing, Editing). A small video feed of a presenter is visible in the top right corner.

## GRAPHS – PRICE ELASTICITY OF SUPPLY



Microsoft PowerPoint interface showing the ribbon with tabs: INSERT, DESIGN, TRANSITIONS, ANIMATIONS, SLIDE SHOW, REVIEW, VIEW. The ribbon includes options like Layout, Reset, New Slide, Section, Slides, Font, Paragraph, Drawing, and Editing. A watermark 'Vizle' is visible in the top left corner.



## GRAPHS – PRICE ELASTICITY OF SUPPLY



Microsoft PowerPoint interface showing the ribbon with tabs: INSERT, DESIGN, TRANSITIONS, ANIMATIONS, SLIDE SHOW, REVIEW, VIEW. The ribbon includes options like Layout, Reset, Section, Slides, Font, Paragraph, Drawing, and Editing. A small video window in the top right corner shows a woman speaking.

## CALCULATING PRICE ELASTICITY OF DEMAND

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% CHANGE IN PRICE

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$$= \frac{-25}{100} \times 100 = -25\%$$

original demand

$$PED = \frac{\% \Delta Q_d}{\% \Delta P}$$

% ΔP

$$\% \text{ change in price} = 1500 - 1000 = 500$$

$$= \frac{500}{1000} \times 100 = 50\%$$

original price

### EXAMPLE PG 85 (PURPLE BOOK)

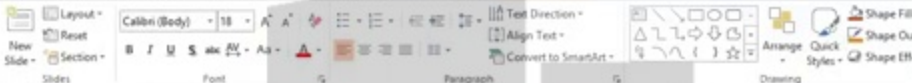
The price of a cell phone increases from R1000 to R1500 and the quantity demanded falls from 100 units to 75 units. What is the price elasticity of demand?

$$PED = \frac{\% \Delta Q_d}{\% \Delta P}$$

$$= \frac{-25\%}{50\%}$$

$$= 0.5$$

$$= 0.5$$



# CALCULATING PRICE ELASTICITY OF DEMAND

$PED = \frac{\% \text{ CHANGE IN QUANTITY DEMANDED}}{\% \text{ CHANGE IN PRICE}}$

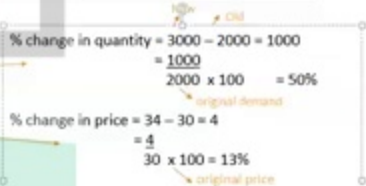
$\% \text{ CHANGE IN PRICE}$

$PED = \frac{\% \Delta Q_d}{\% \Delta P}$

$\% \Delta P$

## EXAMPLE PG 85 (PURPLE BOOK)

The price of a cell phone increases from R1000 to R1500 and the quantity demanded falls from 100 units to 75 units. What is the price elasticity of demand?



$$\begin{aligned}
 PES &= \frac{\% \Delta Q_D}{\% \Delta P} \\
 &= \frac{50\%}{13\%} \\
 &= 3.8
 \end{aligned}$$





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