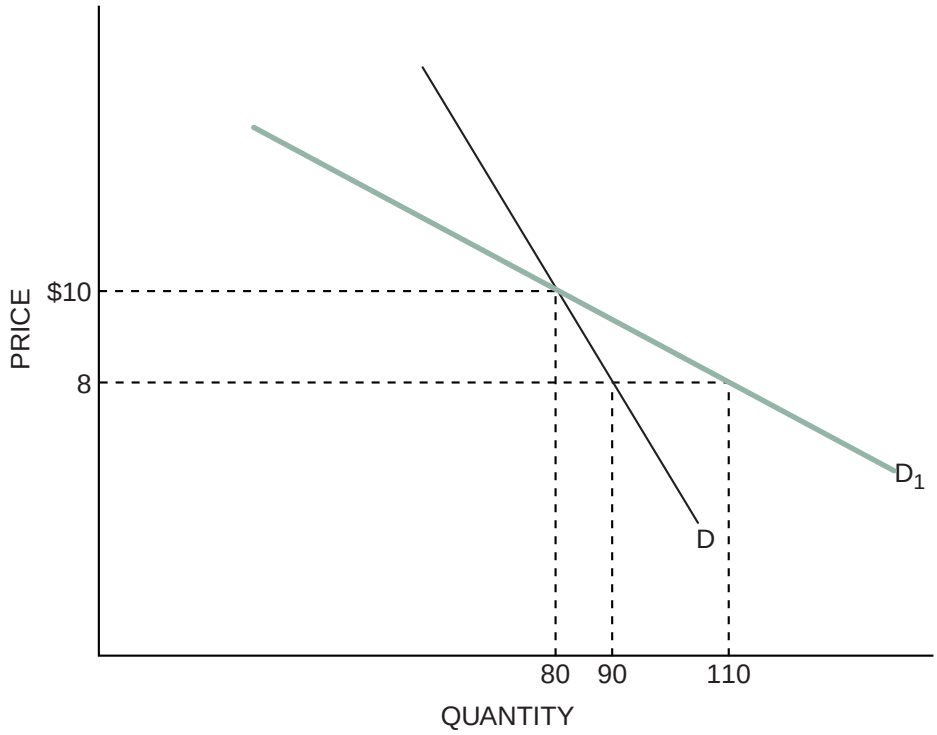
# Calculation of Price Elasticity of Demand




## Arc price elasticity for demand curve D

The price decreases from $10 to $8.

$$\varepsilon_d = \frac{\frac{10}{85}}{\frac{2}{9}} = \frac{.12}{.22} = 0.55$$

## Arc price elasticity for demand curve $D_1$

The price decreases from $10 to $8.

$$\varepsilon_d = \frac{\frac{30}{95}}{\frac{2}{9}} = \frac{.32}{.22} = 1.45$$