

Elasticity	Formula	Measures the response of	To a change in the	If this Elasticity is:	It tells us that:
Price elasticity of demand	$\frac{\% \Delta Q_d}{\% \Delta P}$	Quantity Demanded	Price	> 1	Demand is Price Elastic
Price elasticity of demand	$\frac{\% \Delta Q_d}{\% \Delta P}$	Quantity Demanded	Price	< 1	Demand is Price Inelastic
Cross-price elasticity of demand	$\frac{\% \Delta Q_d^x}{\% \Delta P_y}$	Quantity Demanded of X	Price of Y	> 0	Goods X and Y are Substitutes
Cross-price elasticity of demand	$\frac{\% \Delta Q_d^x}{\% \Delta P_y}$	Quantity Demanded of X	Price of Y	< 0	Goods X and Y are Complements
Income elasticity of demand	$\frac{\% \Delta Q_d^x}{\% \Delta I}$	Quantity Demanded of X	Income	$0 < E_i < 1$	Good X is a necessity good
Income elasticity of demand	$\frac{\% \Delta Q_d^x}{\% \Delta I}$	Quantity Demanded of X	Income	> 1	Good X is a luxury good
Income elasticity of demand	$\frac{\% \Delta Q_d^x}{\% \Delta I}$	Quantity Demanded of X	Income	< 0	Good X is an inferior good
Price elasticity of supply	$\frac{\% \Delta Q_s}{\% \Delta P}$	Quantity Supplied of X	Price	> 1	Supply is Price Elastic
Price elasticity of supply	$\frac{\% \Delta Q_s}{\% \Delta P}$	Quantity Supplied of X	Price	< 1	Supply is Price Inelastic