ECO704 Question B Solved Enjoy

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The *y* arc elasticity of *x* is defined as:

$$E_{x,y} = \frac{\%\ \text{change in } x}{\%\ \text{change in } y}$$

Where the percentage change in going from point 1 to point 2 is usually calculated relative to the midpoint

$$\%\ \text{change in } x = \frac{x_2 - x_1}{(x_2 + x_1)/2};$$

=(43.50-44.50)/(43.50+44.50)/2
=

$$\%\ \text{change in } y = \frac{y_2 - y_1}{(y_2 + y_1)/2}.$$

Same calculate for y

Then divide it as per formula number 1 on top of the page