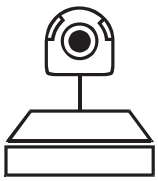


Unit 2, Lesson 12
Visual 1

What do you think the relationship is between the price of these goods and services and consumers' behavior?

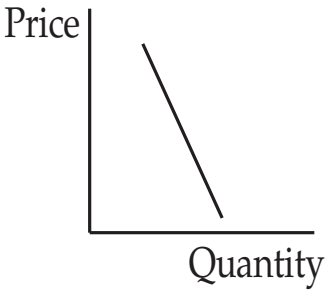
- Prescription eyewear
- Car battery
- Dental care
- Pain medication
- Gasoline
- Long-distance phone calls

Unit 2, Lesson 12
Visual 2 (also Activity 1 in the Student Book)

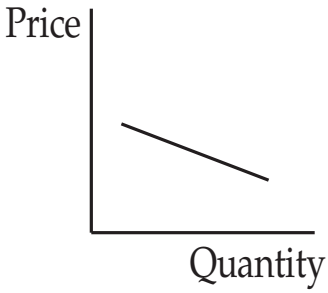
Picturing and Calculating Elasticity

Pictures of market demand:

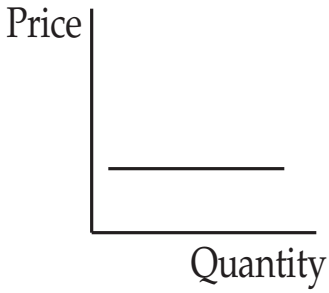
Model A



Model B



Model C



Examples:

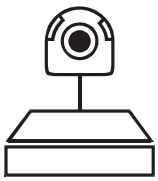
_____ _____ _____

Using the following formula, calculate the price elasticity of demand for each product.

$$\text{Price elasticity of demand} = \frac{(Q2-Q1)/[(Q1+Q2)/2]}{(P2-P1)/[(P1+P2)/2]}$$

Price elasticity of demand for insulin:_____

Price elasticity of demand for a brand of orange juice:_____



Unit 2, Lesson 12
Visual 3

Elasticity Predictions

Directions: Estimate the price elasticity of demand calculation for each of the following, using numbers greater than zero and less than 5. Decimals are appropriate.

Item	Prediction	Actual
Salt	_____	0.10
Toothpicks	_____	0.10
Fresh tomatoes	_____	4.60
Movie tickets	_____	2.50
Automobiles	_____	1.20
Chevrolet automobiles	_____	4.00
Housing	_____	0.90
Physician services	_____	0.60
Cigarettes	_____	0.35
China and tableware	_____	1.10
Gasoline	_____	0.20
Coffee	_____	0.25
Electricity	_____	0.10