

### DETERMINATES OF DEMAND ELASTICITY

- Demand is elastic if the answer is “yes” to two of the following questions:
  - Can the purchase be delayed?
  - Are adequate substitutes available?
  - Does the purchase use a large portion of income?

Figures 4.86  
Estimating the Elasticity of Demand

Products							
Determinants of elasticity Yes (elastic) No (inelastic)	Fresh tomatoes, corn, or green beans	Table salt	Gasoline from a particular station	Gasoline in general	Services of medical doctors	Insulin	Butter
Can purchase be delayed?	yes	no	yes	no	no	no	yes
Are adequate substitutes available?	yes	no	yes	no	no	no	yes
Does purchase use a large portion of income?	no	no	yes	yes	yes	no	no
Type of elasticity	Elastic	Inelastic	Elastic	Inelastic	Inelastic	Inelastic	Elastic

- Re-create the determinates of Demand Elasticity Chart for any 4 products.

Can the purchase be delayed?				
Are there adequate substitutes available?				
Does the purchase use a large portion of income?				
Type of elasticity				

### ELASTIC SUPPLY

- Exists when a small change in price causes a major change in the quantity supplied
- Products with Elastic Supply can usually be made:
  - Quickly
  - Inexpensively
  - Using few, readily available resources
- Example: Sports teams' souvenirs