

CHAPTER 5

MATRICES AND THEIR USES

5.1 What is a Matrix?

A system of linear algebraic equations in two variables might look like this:

$$2x + 7y = 3$$

$$4x + 8y = 11$$

→ LINEAR because it just involves constant multiples of x and y , no x^2 , no $\sin(y)$, etc.

→ ALGEBRAIC because no differentiation.

It's cool to write these systems using the following notation:

$$\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} x \\ y \end{bmatrix} = \begin{bmatrix} 3 \\ 11 \end{bmatrix}.$$

Here $\begin{bmatrix} x \\ y \end{bmatrix}$ and $\begin{bmatrix} 3 \\ 11 \end{bmatrix}$ are familiar - they are VEC-

TORS. But $\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix}$ is something new, called a MA-
TRIX. We say that the PRODUCT of $\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix}$ with
 $\begin{bmatrix} x \\ y \end{bmatrix}$ gives you $\begin{bmatrix} 3 \\ 11 \end{bmatrix}$.

Every matrix has ROWS and COLUMNS. In this case, the rows are $[2 \ 7]$ and $[4 \ 8]$ and the columns are $\begin{bmatrix} 2 \\ 4 \end{bmatrix}$, $\begin{bmatrix} 7 \\ 8 \end{bmatrix}$. We call $[2 \ 7]$ a ROW VECTOR and $\begin{bmatrix} 2 \\ 4 \end{bmatrix}$ a column vector. We say that $\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix}$ is a 2 by 2 matrix since it has two rows and two

columns. You can regard $\begin{bmatrix} 2 & 7 \end{bmatrix}$ as having one row and 2 columns, etc. You can also have 3 by 3 matrices like

ces like $\begin{bmatrix} 1 & 7 & 9 \\ 7 & 8 & 2 \\ 4 & 10 & 12 \end{bmatrix}$ or even 2 by 3 matrices like

$\begin{bmatrix} 1 & 2 & 4 \\ 6 & 8 & 9 \end{bmatrix}$ two rows, three columns.

A general 3 by 3 matrix can be written as

$$\begin{bmatrix} a_{11} & a_{12} & a_{13} \\ a_{21} & a_{22} & a_{23} \\ a_{31} & a_{32} & a_{33} \end{bmatrix}$$

so a_{ij} is the number in the i -th row and j -th column,

Note $a_{ij} \neq a_{ji}$ usually!

Engineers and physicists like to talk about “the matrix a_{ij} ”. Strictly speaking, they mean “the matrix with entries a_{ij} ” but we will talk in this sloppy way too! In the same way, any column vector can be written as $\begin{bmatrix} u_1 \\ u_2 \\ u_3 \end{bmatrix}$.

Example

A $m \times n$ matrix:

there are m rows

and n columns

$$\begin{pmatrix} a_{11} & a_{12} & a_{13} & \cdots & a_{1n} \\ a_{21} & a_{22} & a_{23} & \cdots & a_{2n} \\ \vdots & \vdots & \vdots & & \vdots \\ a_{m1} & a_{m2} & a_{m3} & \cdots & a_{mn} \end{pmatrix}$$

a_{ij} = entry in the i -th row and
 j -th column.

5.2 Matrix Arithmetic

[a] Addition and Subtraction.

Just add up or subtract the entries, as you would for a vector.

$$\begin{bmatrix} 1 & 2 \\ 4 & 8 \end{bmatrix} + \begin{bmatrix} 7 & 3 \\ 6 & 9 \end{bmatrix} = \begin{bmatrix} 8 & 5 \\ 10 & 17 \end{bmatrix}$$

$$\begin{bmatrix} 1 & 2 \\ 4 & 8 \end{bmatrix} - \begin{bmatrix} 7 & 3 \\ 6 & 9 \end{bmatrix} = \begin{bmatrix} -6 & -1 \\ -2 & -1 \end{bmatrix}$$

In general, if a_{ij} and b_{ij} are matrices (both m by n , that is, both have m rows and n columns) then the sum is $a_{ij} + b_{ij}$ and the difference is $a_{ij} - b_{ij}$.

[b] Multiplying By a Number.

Just multiply every entry, as you would for a vector.

$2 \cdot \begin{bmatrix} 1 & 2 \\ 4 & 8 \end{bmatrix} = \begin{bmatrix} 2 & 4 \\ 8 & 16 \end{bmatrix}$. The product of the number c with the matrix a_{ij} is $c \cdot a_{ij}$.

[c] Transposition.

If you take a matrix and SWITCH THE FIRST ROW INTO THE FIRST COLUMN, second row into second column, and so on, the result is called the TRANSPOSE. We write $\begin{bmatrix} 1 & 2 \\ 4 & 8 \end{bmatrix}^T = \begin{bmatrix} 1 & 4 \\ 2 & 8 \end{bmatrix}$.

$$\begin{bmatrix} 1 & 7 & 9 \\ 6 & 8 & 2 \\ 4 & 10 & 12 \end{bmatrix}^T = \begin{bmatrix} 1 & 6 & 4 \\ 7 & 8 & 10 \\ 9 & 2 & 12 \end{bmatrix}$$

$$\begin{bmatrix} 1 & 2 & 4 \\ 6 & 8 & 9 \end{bmatrix}^T = \begin{bmatrix} 1 & 6 \\ 2 & 8 \\ 4 & 9 \end{bmatrix}$$

$$\begin{bmatrix} a_{11} & a_{12} \\ a_{21} & a_{22} \end{bmatrix}^T = \begin{bmatrix} a_{11} & a_{21} \\ a_{12} & a_{22} \end{bmatrix}$$

and by looking at this example you can see

$a_{ij}^T = a_{ji} \rightarrow$ the order of the indices is reversed.

Notice that

$$\left((a_{ij})^T \right)^T = (a_{ji})^T = a_{ij}$$

$$(a_{ij} + b_{ij})^T = a_{ji} + b_{ji} = a_{ij}^T + b_{ij}^T$$

$$(c a_{ij})^T = c a_{ji} = c (a_{ij})^T .$$

[d] Multiplying Matrices.

We started by declaring that it was cool to write

$$\begin{array}{l} 2x + 7y = 3 \\ 4x + 8y = 11 \end{array} \text{ as } \begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} x \\ y \end{bmatrix} = \begin{bmatrix} 3 \\ 11 \end{bmatrix}. \text{ Clearly this}$$

is a way of saying that the vector $\begin{bmatrix} 2x + 7y \\ 4x + 8y \end{bmatrix}$ equals $\begin{bmatrix} 3 \\ 11 \end{bmatrix}$, so $\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} x \\ y \end{bmatrix} = \begin{bmatrix} 2x + 7y \\ 4x + 8y \end{bmatrix}$. Notice that ROWS of $\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix}$ multiply the COLUMN $\begin{bmatrix} x \\ y \end{bmatrix}$. We adopt this as our GENERAL RULE:

<p>ROWS MULTIPLY COLUMNS!</p>

$$\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} 1 \\ 0 \end{bmatrix} = \begin{bmatrix} 2 + 0 \\ 4 + 0 \end{bmatrix} = \begin{bmatrix} 2 \\ 4 \end{bmatrix}$$

$$\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} 0 \\ 1 \end{bmatrix} = \begin{bmatrix} 0 + 7 \\ 0 + 8 \end{bmatrix} = \begin{bmatrix} 7 \\ 8 \end{bmatrix}$$

$$\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} 1 & 3 \\ 2 & -1 \end{bmatrix} = \begin{bmatrix} 16 & -1 \\ 20 & 4 \end{bmatrix}$$

$$\begin{bmatrix} 1 & 2 \end{bmatrix} \begin{bmatrix} 3 \\ 4 \end{bmatrix} = 11, \text{ a 1 by 1 matrix! Also called a}$$

NUMBER!

$$\begin{aligned}
& \begin{bmatrix} a_{11} & a_{12} \\ a_{21} & a_{22} \end{bmatrix} \begin{bmatrix} b_{11} & b_{12} \\ b_{21} & b_{22} \end{bmatrix} \\
&= \begin{bmatrix} a_{11}b_{11} + a_{12}b_{21} & a_{11}b_{12} + a_{12}b_{22} \\ a_{21}b_{11} + a_{22}b_{21} & a_{21}b_{12} + a_{22}b_{22} \end{bmatrix} \\
&= \begin{bmatrix} c_{11} & c_{12} \\ c_{21} & c_{22} \end{bmatrix} \text{ so we have}
\end{aligned}$$

$$c_{11} = a_{11}b_{11} + a_{12}b_{21} = \sum_j a_{1j}b_{j1}$$

$$c_{12} = a_{11}b_{12} + a_{12}b_{22} = \sum_j a_{1j}b_{j2}$$

$$c_{21} = a_{21}b_{11} + a_{22}b_{21} = \sum_j a_{2j}b_{j1}$$

$$c_{22} = a_{21}b_{12} + a_{22}b_{22} = \sum_j a_{2j}b_{j2}$$

Can you see the pattern?

$$c_{mn} = \sum_j a_{mj} b_{jn}.$$

This is true for all matrices, not just 2 by 2 matrices.

NOTE that

$$\begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} \begin{bmatrix} 1 & 3 \\ 2 & -1 \end{bmatrix} = \begin{bmatrix} 16 & -1 \\ 20 & 4 \end{bmatrix}$$

$$\begin{bmatrix} 1 & 3 \\ 2 & -1 \end{bmatrix} \begin{bmatrix} 2 & 7 \\ 4 & 8 \end{bmatrix} = \begin{bmatrix} 14 & 31 \\ 0 & 6 \end{bmatrix} \text{ completely different!}$$

So the ORDER OF MATRIX MULTIPLICATION

is IMPORTANT. If A and B are matrices, USUALLY $AB \neq BA$.

[e] Transposition and Matrix Multiplication.

According to our rules,

$$\begin{bmatrix} 1 & 2 \end{bmatrix} \begin{bmatrix} 2 & -1 \\ 3 & 1 \end{bmatrix} = \begin{bmatrix} 8 & 1 \end{bmatrix}$$

$$\begin{bmatrix} 2 & 3 \\ -1 & 1 \end{bmatrix} \begin{bmatrix} 1 \\ 2 \end{bmatrix} = \begin{bmatrix} 8 \\ 1 \end{bmatrix}.$$

But

$$\begin{bmatrix} 8 \\ 1 \end{bmatrix} = [8 \quad 1]^T,$$

$$\begin{bmatrix} 2 & 3 \\ -1 & 1 \end{bmatrix} = \begin{bmatrix} 2 & -1 \\ 3 & 1 \end{bmatrix}^T \quad \text{and} \quad \begin{bmatrix} 1 \\ 2 \end{bmatrix} = [1 \quad 2]^T.$$

In general, if A and B are matrices of any kind, the rule is

$$(AB)^T = B^T A^T$$

A matrix is said to be SYMMETRIC if

$$A^T = A.$$

$\begin{bmatrix} 1 & 3 \\ 3 & 2 \end{bmatrix}$, $\begin{bmatrix} 0 & 16 \\ 16 & 10^9 \end{bmatrix}$, $\begin{bmatrix} 1 & 0 \\ 0 & 1 \end{bmatrix}$ are all symmetric. Any matrix of the form $B + B^T$, where B is ANY matrix, is symmetric. [Proof: $(B + B^T)^T = B^T + (B^T)^T = B^T + B$.] If A is symmetric, so is BAB^T for any

B [Proof: $(BAB^T)^T = (B^T)^T A^T B^T = BA^T B^T = BAB^T$.] A matrix is said to be ANTISYMMETRIC if

$$A^T = -A.$$

$\begin{bmatrix} 0 & 1 \\ -1 & 0 \end{bmatrix}$, $\begin{bmatrix} 0 & 16 \\ -16 & 0 \end{bmatrix}$, $\begin{bmatrix} 0 & -1 \\ 1 & 0 \end{bmatrix}$ are all antisymmetric. Any matrix of the form $B - B^T$ is antisymmetric, and BAB^T is antisymmetric if A is antisymmetric.

[f] SCALAR AND VECTOR PRODUCTS IN TERMS OF MATRICES.

You are familiar with the scalar or dot product,

$$\vec{u} \cdot \vec{v} = \begin{bmatrix} u_1 \\ u_2 \\ u_3 \end{bmatrix} \cdot \begin{bmatrix} v_1 \\ v_2 \\ v_3 \end{bmatrix} = u_1 v_1 + u_2 v_2 + u_3 v_3.$$

This is actually a MATRIX PRODUCT, because you can write it as

$$\begin{aligned}\vec{u}^T \vec{v} &= \begin{bmatrix} u_1 & u_2 & u_3 \end{bmatrix} \begin{bmatrix} v_1 \\ v_2 \\ v_3 \end{bmatrix} \\ &= u_1 v_1 + u_2 v_2 + u_3 v_3 = \vec{u} \cdot \vec{v}.\end{aligned}$$

Thus, in particular, the length of a vector can be expressed as

$$\left| \vec{u} \right| = \sqrt{\vec{u} \cdot \vec{u}} = \sqrt{\vec{u}^T \vec{u}}.$$

You are also familiar with the VECTOR or CROSS product of two vectors, $\vec{u} \times \vec{v}$. This is also a matrix product!

Let $\vec{u} = \begin{pmatrix} u_1 \\ u_2 \\ u_3 \end{pmatrix}$, $\vec{v} = \begin{pmatrix} v_1 \\ v_2 \\ v_3 \end{pmatrix}$

Define $A = \begin{pmatrix} 0 & -u_3 & u_2 \\ u_3 & 0 & -u_1 \\ -u_2 & u_1 & 0 \end{pmatrix}$

Then $\vec{u} \times \vec{v} = A \vec{v}$.

Proof:

$$\vec{u} \times \vec{v} = \begin{vmatrix} \vec{i} & \vec{j} & \vec{k} \\ u_1 & u_2 & u_3 \\ v_1 & v_2 & v_3 \end{vmatrix}$$

$$= \begin{pmatrix} u_2 v_3 - u_3 v_2 \\ -u_1 v_3 + u_3 v_1 \\ u_1 v_2 - u_2 v_1 \end{pmatrix}$$

$$A\vec{v} = \begin{pmatrix} 0 & -u_3 & u_2 \\ u_3 & 0 & -u_1 \\ -u_2 & u_1 & 0 \end{pmatrix} \begin{pmatrix} v_1 \\ v_2 \\ v_3 \end{pmatrix} = \begin{pmatrix} -u_3 v_2 + u_2 v_3 \\ u_3 v_1 - u_1 v_3 \\ -u_2 v_1 + u_1 v_2 \end{pmatrix} //$$

So the vector product is really just a special kind of matrix multiplication. Notice that A is always antisymmetric.

Note:

There is a correspondence between a column vector in \mathbb{R}^3 and a 3×3 antisymmetric matrix:

$$\begin{pmatrix} a \\ b \\ c \end{pmatrix} \longleftrightarrow \begin{pmatrix} 0 & -c & b \\ c & 0 & -a \\ -b & a & 0 \end{pmatrix}$$

[g] ORTHOGONAL MATRICES.

A matrix B is said to be ORTHOGONAL if it satisfies

$$B^T B = I,$$

where I is the IDENTITY MATRIX, $I = \begin{bmatrix} 1 & 0 \\ 0 & 1 \end{bmatrix}$ in

two dimensions, $\begin{bmatrix} 1 & 0 & 0 \\ 0 & 1 & 0 \\ 0 & 0 & 1 \end{bmatrix}$ in three, etc. Note that

$IA = A = AI$ for any matrix A . In two dimensions, $\begin{bmatrix} \cos \theta & -\sin \theta \\ \sin \theta & \cos \theta \end{bmatrix}$ is orthogonal for any θ . Since

$$\begin{aligned}
& \begin{bmatrix} \cos \theta & \sin \theta \\ -\sin \theta & \cos \theta \end{bmatrix} \begin{bmatrix} \cos \theta & -\sin \theta \\ \sin \theta & \cos \theta \end{bmatrix} \\
&= \begin{bmatrix} \cos^2 \theta + \sin^2 \theta & 0 \\ 0 & \sin^2 \theta + \cos^2 \theta \end{bmatrix} \\
&= \begin{bmatrix} 1 & 0 \\ 0 & 1 \end{bmatrix}
\end{aligned}$$

Another example is $\begin{bmatrix} \cos \theta & \sin \theta \\ \sin \theta & -\cos \theta \end{bmatrix}$.

5.3 Application: Markov Chains.

Let's construct a simple MODEL of weather forecasting. We assume that each day is either RAINY or SUNNY.

Rainy today \rightarrow probably rainy tomorrow (probability 60%).

Sunny today \rightarrow probably sunny tomorrow (probability 70%).

Since probabilities have to add up to 100%, you can easily see that Rainy \rightarrow Sunny has probability 40% and Sunny \rightarrow Rainy has probability 30%. We can organise these data into a matrix

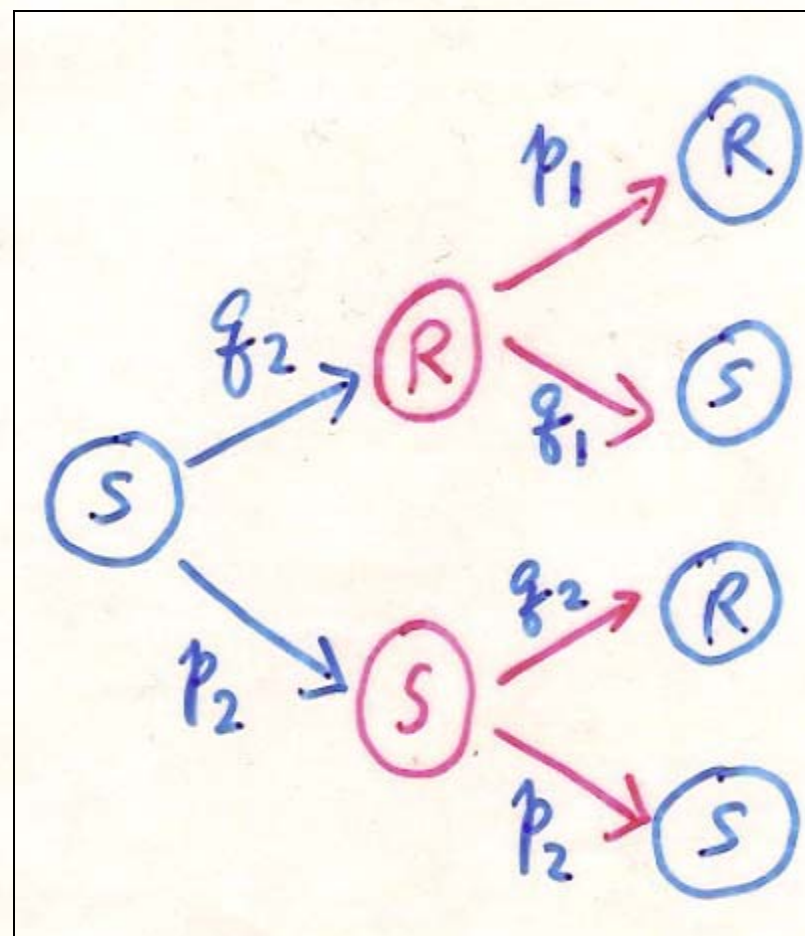
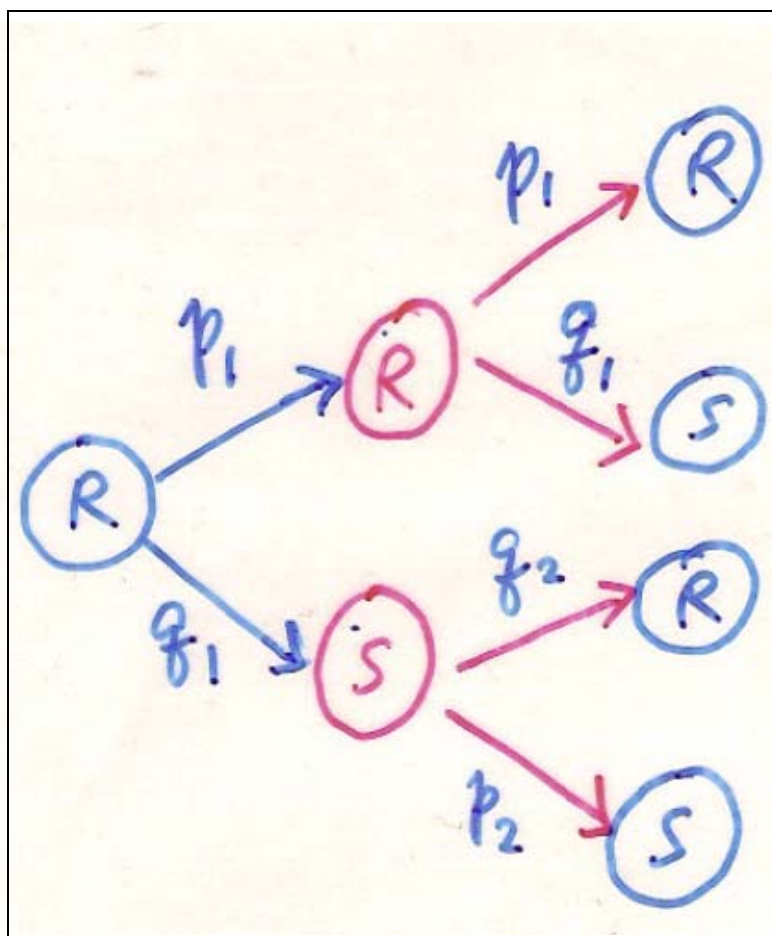
$$\begin{aligned}
 M &= \begin{bmatrix} \text{Rainy} \rightarrow \text{Rainy} & \text{Sunny} \rightarrow \text{Rainy} \\ \text{Rainy} \rightarrow \text{Sunny} & \text{Sunny} \rightarrow \text{Sunny} \end{bmatrix} \\
 &= \begin{bmatrix} 0.6 & 0.3 \\ 0.4 & 0.7 \end{bmatrix}.
 \end{aligned}$$

Question: Suppose today is sunny. What is the probability that it will be rainy 4 days from now? To see how to proceed, we make a “tree” like this:
[R = rain, S = sun] for the first two days:

$R = \text{Rainy}$, $S = \text{Sunny}$.

$$P(R \rightarrow R) = p_1, \quad P(R \rightarrow S) = q_1 = 1 - p_1$$

$$P(S \rightarrow R) = q_2, \quad P(S \rightarrow S) = p_2 = 1 - q_2$$



Transition matrix

$$M = \begin{pmatrix} P(R \rightarrow R) & P(S \rightarrow R) \\ P(R \rightarrow S) & P(S \rightarrow S) \end{pmatrix}$$

$$= \begin{pmatrix} p_1 & q_2 \\ q_1 & p_2 \end{pmatrix}$$

$$M^2 = \begin{pmatrix} p_1 & q_2 \\ q_1 & p_2 \end{pmatrix} \begin{pmatrix} p_1 & q_2 \\ q_1 & p_2 \end{pmatrix}$$

$$= \begin{pmatrix} p_1 p_1 + q_2 q_1 & p_1 q_2 + q_2 p_2 \\ q_1 p_1 + p_2 q_1 & q_1 q_2 + p_2 p_2 \end{pmatrix}$$

$$= \begin{pmatrix} P(R \xrightarrow{2} R) & P(S \xrightarrow{2} R) \\ P(R \xrightarrow{2} S) & P(S \xrightarrow{2} S) \end{pmatrix}$$

In general, by Induction :

$$M^n = \begin{pmatrix} P(R \xrightarrow{n} R) & P(S \xrightarrow{n} R) \\ P(R \xrightarrow{n} S) & P(S \xrightarrow{n} S) \end{pmatrix}$$

where $P(R \xrightarrow{n} R) =$ probability

of starting at R and ending
at R after n steps.

Observe :

For each positive integer n ,

M^n has the following properties

(i) The sum of elements in each column = 1.

(ii) All entries in M^n are non-negative.

So matrix multiplication actually allows you to compute all of the probabilities in this “Markov Chain”. To predict the weather 4 days from now, we need

$$\begin{bmatrix} RR_4 & SR_4 \\ RS_4 & SS_4 \end{bmatrix} = M^4 = M^2 M^2 = \begin{bmatrix} 0.43 & 0.43 \\ 0.57 & 0.57 \end{bmatrix}.$$

So if it is rainy today, the probability of rain in 4 days is $0.43=43\%$. If you want 20 days, just compute M^{20} . A very complicated problem without matrix multiplication!

5.4 Application: Leontief Model of Manufacturing

The Leontief model describes the economics of INTERDEPENDENT companies. For example, the electric company MUST sell electricity to the factory that makes generators, which in turn MUST sell generators to the electric company. Let x be the

number of dollars' worth of electricity generated, and let y be the number of dollars' worth of generators made by the factory. Assume

[a] The electric company has to sell \$150 of electricity to the city, and the generator factory wants to sell \$100 to outsiders.

[b] Each dollar of electricity costs 30 cents to make [fuel].

[c] Each dollar's worth of generator needs 40 cents of electricity.

[d] Each dollar's worth of generator costs 30 cents [parts].

[e] Each dollar's worth of electricity needs 50 cents' worth of generator.

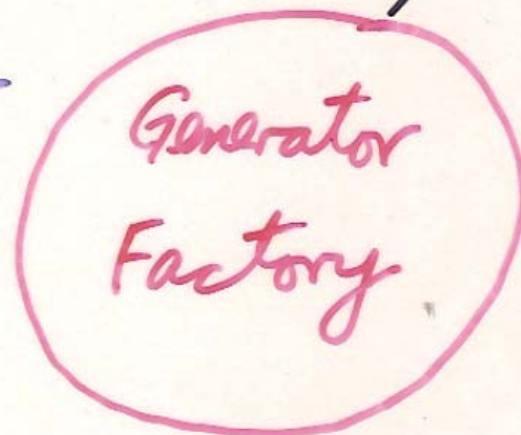
$0.3x$ (for fuel)



\downarrow
\$150
outside

$0.5x$
 \leftarrow

$\xrightarrow{0.4y}$



$0.3y$ (for parts)
 \nearrow

\downarrow
\$100
outside

We have, equating outputs :

$$\begin{cases} x = 0.3x + 0.4y + 150 \\ y = 0.5x + 0.3y + 100 \end{cases}$$

$$\therefore \begin{pmatrix} x \\ y \end{pmatrix} = \begin{pmatrix} 0.3 & 0.4 \\ 0.5 & 0.3 \end{pmatrix} \begin{pmatrix} x \\ y \end{pmatrix} + \begin{pmatrix} 150 \\ 100 \end{pmatrix}$$

$$\text{Let } \vec{u} = \begin{pmatrix} x \\ y \end{pmatrix}$$

$$T = \begin{pmatrix} 0.3 & 0.4 \\ 0.5 & 0.3 \end{pmatrix}$$

$$\vec{c} = \begin{pmatrix} 150 \\ 100 \end{pmatrix}$$

Note : T contains all the internal information. It is called the technology matrix.

Then

$$\vec{u} = T\vec{u} + \vec{c}$$

$$\Rightarrow I\vec{u} = T\vec{u} + \vec{c} \quad (\because I\vec{u} = \vec{u})$$

$$\Rightarrow I\vec{u} - T\vec{u} = \vec{c}$$

$$\Rightarrow (I - T)\vec{u} = \vec{c}$$

$$\begin{pmatrix} 1 & 0 \\ 0 & 1 \end{pmatrix}$$

$$\Rightarrow \left\{ \begin{pmatrix} 1 & 0 \\ 0 & 1 \end{pmatrix} - \begin{pmatrix} 0.3 & 0.4 \\ 0.5 & 0.3 \end{pmatrix} \right\} \vec{u} = \vec{c}$$

$$\Rightarrow \begin{pmatrix} 0.7 & -0.4 \\ -0.5 & 0.7 \end{pmatrix} \vec{u} = \vec{c}$$

$$\begin{vmatrix} 0.7 & -0.4 \\ -0.5 & 0.7 \end{vmatrix} = 0.49 - 0.20 = 0.29 \neq 0$$

$$\begin{pmatrix} 0.7 & -0.4 \\ -0.5 & 0.7 \end{pmatrix}^{-1} = \frac{1}{0.29} \begin{pmatrix} 0.7 & 0.4 \\ 0.5 & 0.7 \end{pmatrix}$$

$$\therefore \vec{u} = \begin{pmatrix} 0.7 & -0.4 \\ -0.5 & 0.7 \end{pmatrix}^{-1} \vec{c}$$

$$= \frac{1}{0.29} \begin{pmatrix} 0.7 & 0.4 \\ 0.5 & 0.7 \end{pmatrix} \begin{pmatrix} 150 \\ 100 \end{pmatrix}$$

$$= \frac{1}{0.29} \begin{pmatrix} 105 + 40 \\ 75 + 70 \end{pmatrix} = \frac{1}{0.29} \begin{pmatrix} 145 \\ 145 \end{pmatrix}$$

$$= \begin{pmatrix} 500 \\ 500 \end{pmatrix} //$$

$\vec{u} = \begin{bmatrix} x \\ y \end{bmatrix} = \begin{bmatrix} 500 \\ 500 \end{bmatrix} \rightarrow x = y = \500 , both companies should produce \$500 worth of their products
\$500 electricity = \$150 fuel + \$200 to factory + \$150 sold.

\$500 generators = \$150 parts + \$250 to electric + \$100 sold.