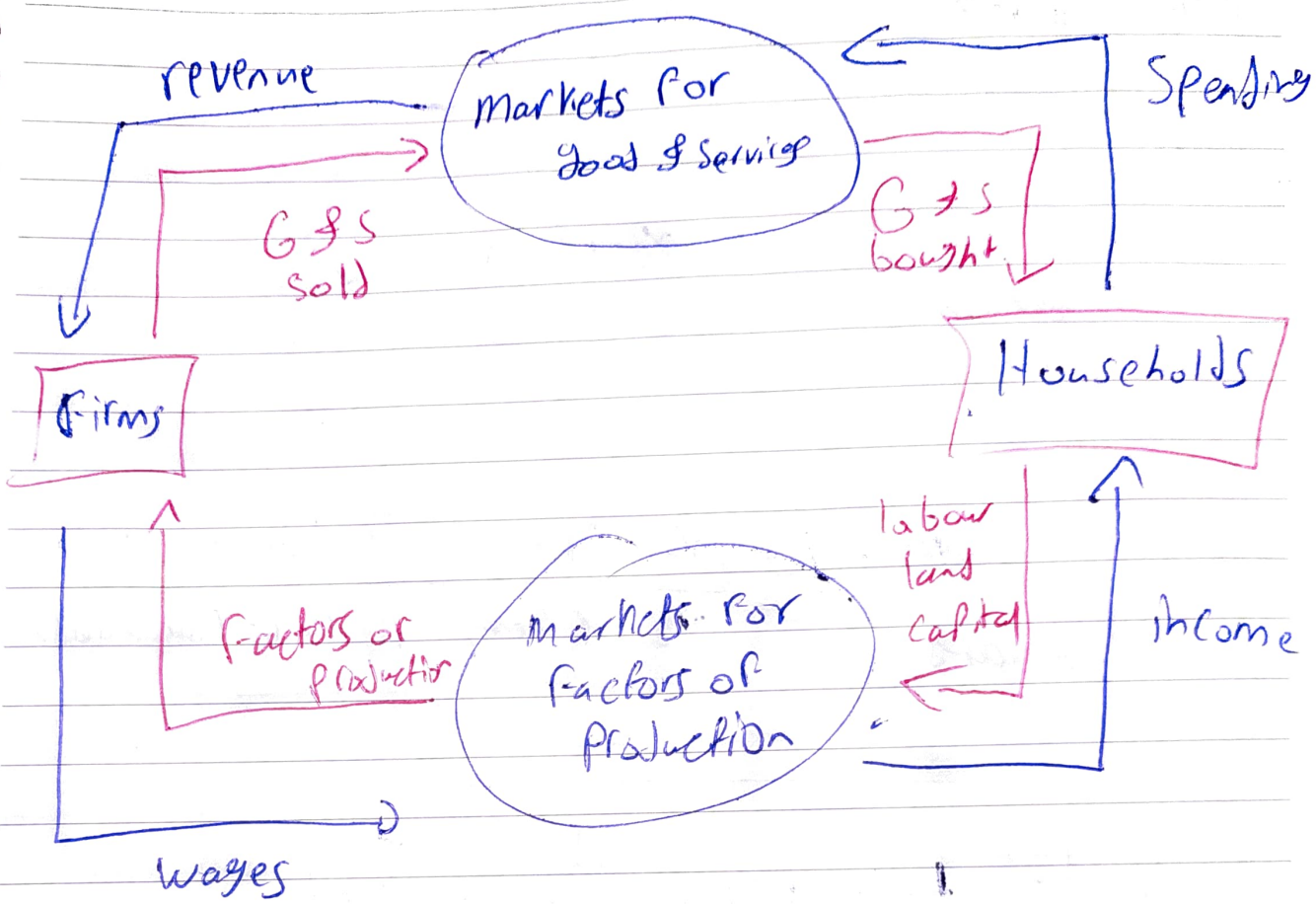
DATE
PAGE

Economics



Price elasticity of demand = $\frac{\%\text{ change in } Q^d}{\%\text{ change in } P}$

Price elasticity of supply = $\frac{\%\text{ change in } Q^s}{\%\text{ change in } P}$

Percentage change = $\frac{\text{end value} - \text{start value}}{\text{start value}} \times 100$

DATE
PAGE

revenue = P x Q

income elasticity of demand = $\frac{\%\ \text{Change in } Q^d}{\%\ \text{change in income}}$

cross price elast of demand = $\frac{\%\ \text{Change in } Q^d \text{ for good 1}}{\%\ \text{change in price for good 2}}$

Profit = total revenue - total cost

Accounting Profit = total revenue - total explicit cost

economic Profit = total revenue - (explicit + implicit)

Marginal Product of Labor: $\frac{\Delta Q}{\Delta L}$

total cost = Fixed cost + Variable cost

Marginal cost: $\frac{\Delta TC}{\Delta Q}$

average total cost: $\frac{tc}{Q}$

when mc < atc atc falls as Q rises

if mc > atc atc rises as Q rises

average revenue: $\frac{\text{total revenue}}{Q} = P$

marginal revenue $= \frac{\Delta TR}{\Delta Q}$ [= P in competitive market]

if mr > mc increase Q to raise profit

ΔProfit = mr - MC

Shut down if TR < VC exit if TR < TC

P < AVC P < atc

$Y = C + I + G + NX$

- C → Consumption
- I → Investment
- G → Government Purchases
- NX → net exports

nominal GDP: using current prices

$P \times Q + P \times Q = X$

$\frac{X_2 - X_1}{X_1} \times 100$

X_2

real GDP: use base year as price

GDP deflator: $100 \cdot \frac{\text{nominal GDP}}{\text{real GDP}}$

inflation rate between GDP deflator of this year to second