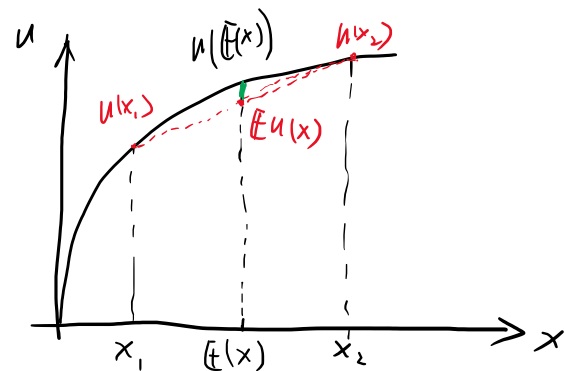


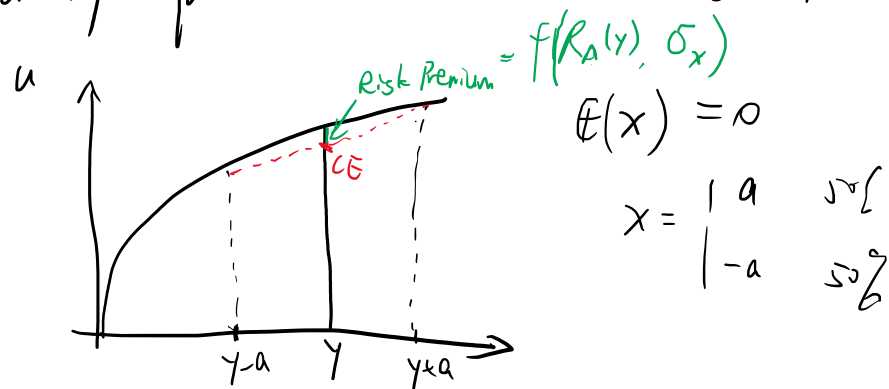
Lecture notes, Oct 29th, 2020

Risk Aversion

$$x \prec \begin{matrix} x_1 & \text{50\%} \\ x_2 & \text{50\%} \end{matrix} \quad u' > 0 \quad u'' < 0$$



Certainty Equivalence & Risk Premium



Policy function of RBC

