

# Notes

Saturday, April 6, 2024 12:31 PM

1- Target SL

$$1.25 \times (1 - SL)$$

$$= 0.25 \times SL$$

$$SL = \frac{1.25}{1.25 + 0.25} = .83$$

~~1271~~ cupcakes + 1 ?

Stock  
-out

$D > 11$

lucky

1 - SL

$$2.49 - 1.24$$

$$= 1.25 \text{ } C_u$$

unlucky

$D \leq 11$

left-over

SL

$$1.24 - 0.99$$

$$= 0.25 \text{ } C_o$$

$$\text{Prob}(D > 11) \times 1.25 \text{ vs } \text{Prob}(D \leq 11) \times 0.25$$