Problem 6:

Graphical user interface, text, application

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1. The shadow price is .021 or $21,000 per 1 million A picture containing text

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2. At $3,666,666 the constraint becomes non-binding – any changes past this won’t change the optimal solution. So it can be relaxed $666,665 before becoming non-binding.Graphical user interface, text, application

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3. A rate below 2.2% makes it favorable to borrow money for bonds

Graphical user interface, text, application

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1. If the rate you are being charged is higher than the return on the bonds you are buying you will lose money