



$C = 500 + 0.9(10,000)$

C = a + MPCY

C

=

5000

+

9,000

C

=

9

,

5

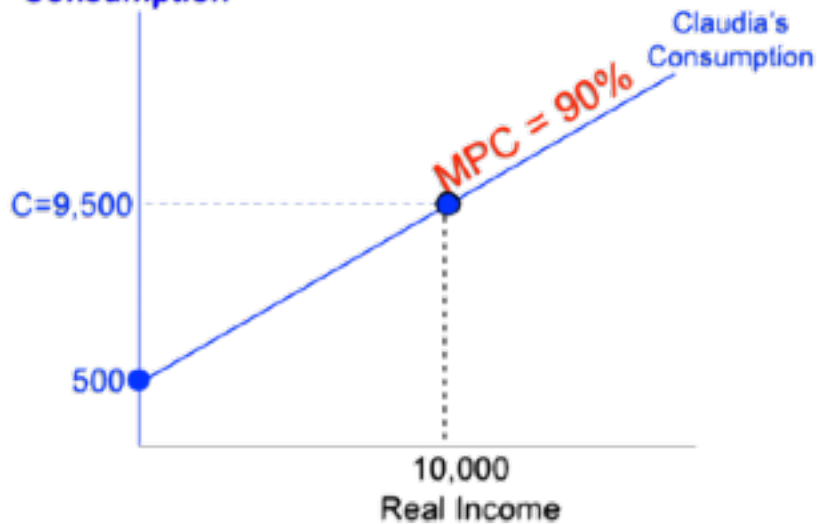
0

0

Claudia's income is \$10,000/month autonomous
consumption = \$500 and her MPC = 90% Calculate
her consumption

Claudia's income is still \$10,000/month but as a result of the pandemic **she becomes pessimistic** about the future. How will her Consumption change?

Consumption



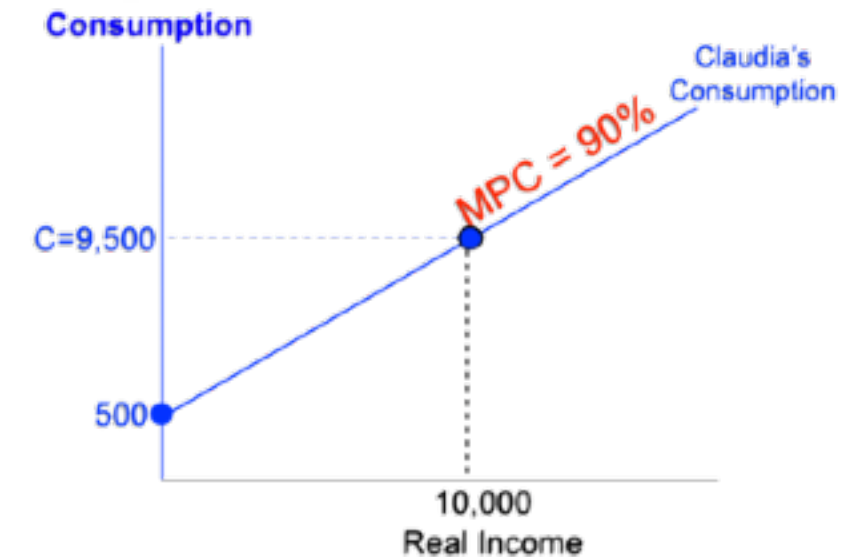
$$C = a + MPCY$$

Claudia's income is \$10,000/month **autonomous consumption** = \$500 and her **MPC = 90%** Calculate her consumption

$$C = 500 + 0.9(10,000)$$

$$C = 500 + 9,000$$

$$C = 9,500$$



Claudia's income is still \$10,000/month but as a result of the pandemic **she becomes pessimistic** about the future. How will her Consumption change?

$$C = a + MPCY$$