

20

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

C = a + MPCY

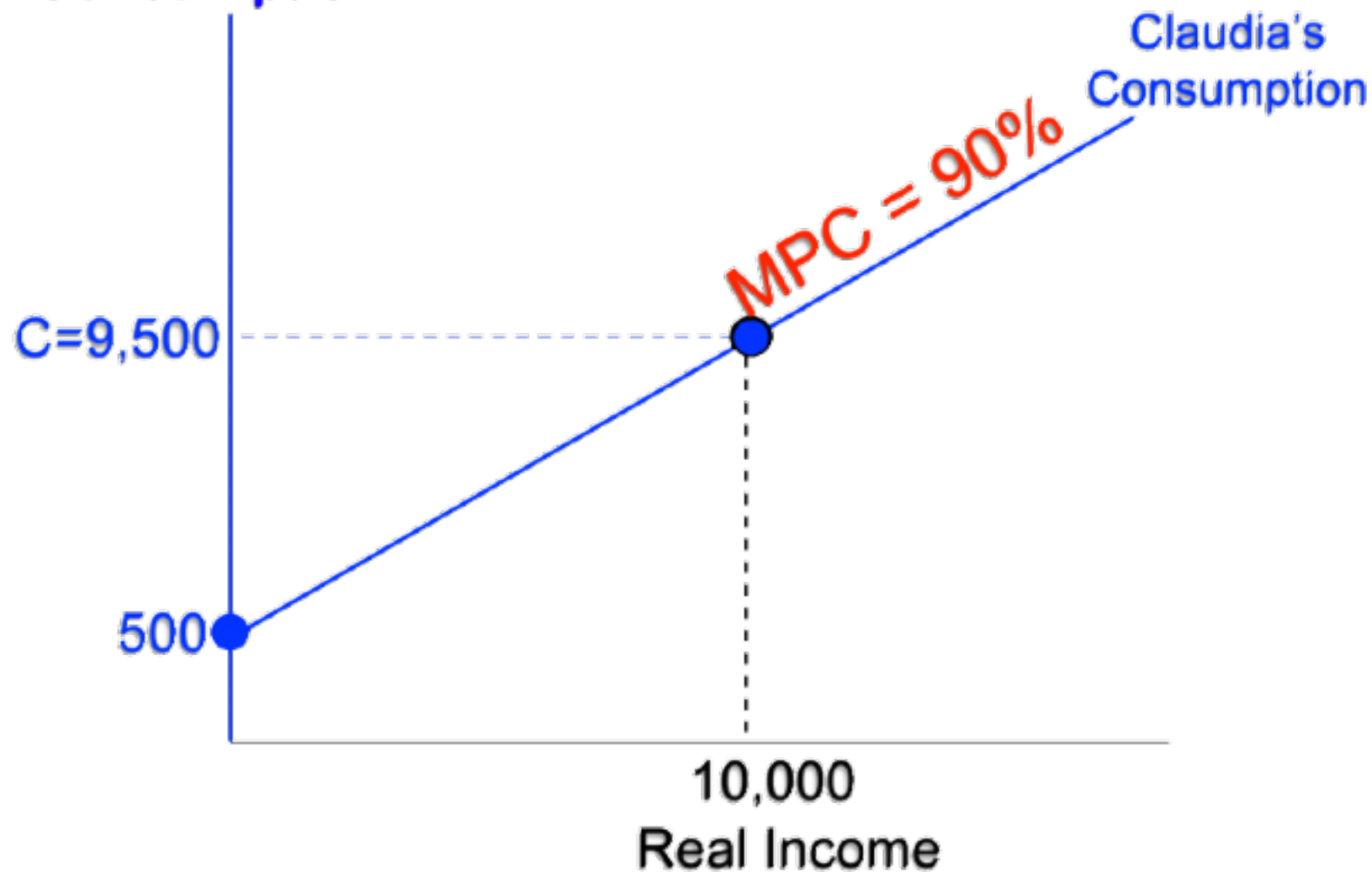
C = 500 + 9,000

C = 9,500

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

Stock prices drop as a result of the pandemic. Claudia lost the money she had saved in stocks. How will her consumption change?

Consumption



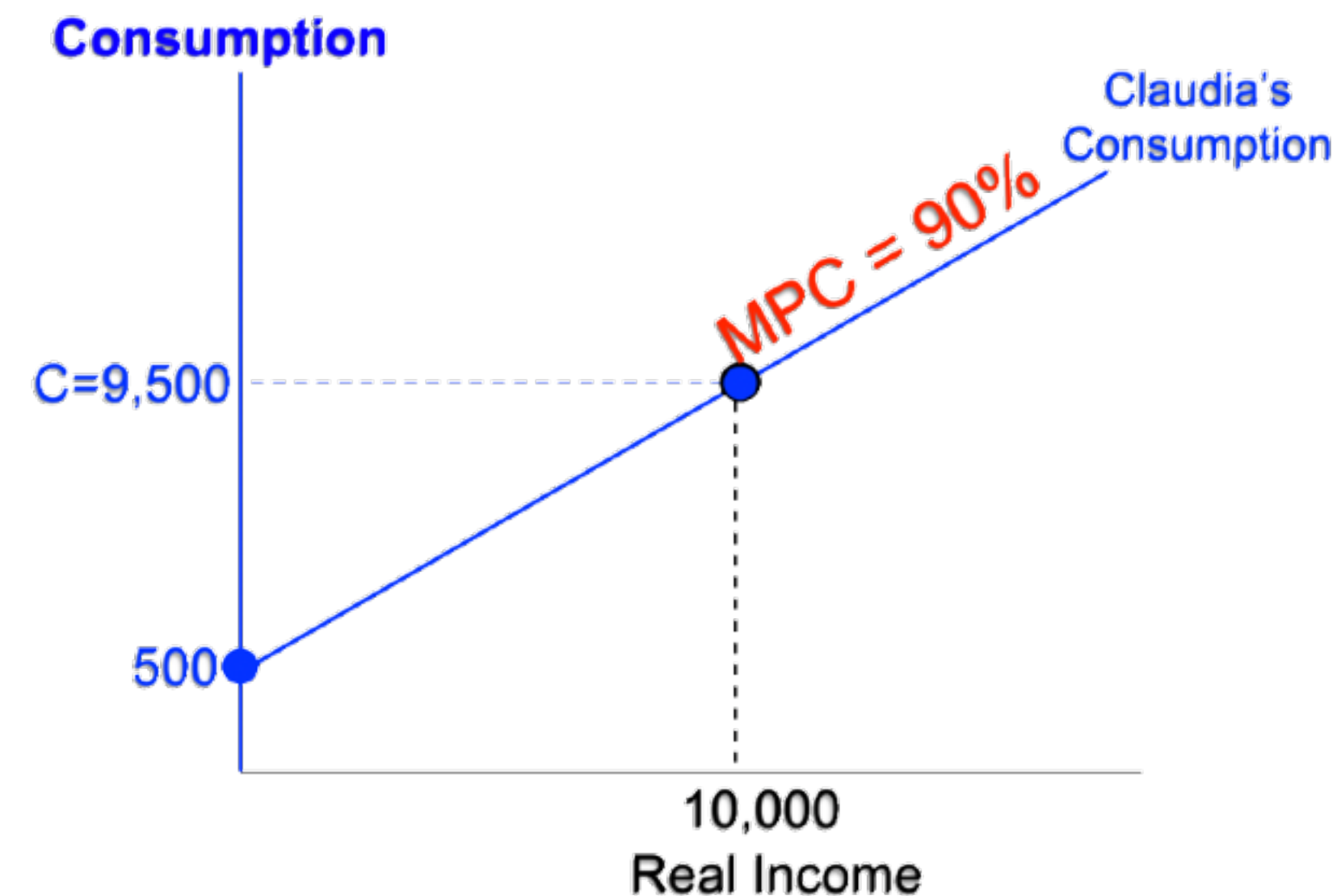
$$C = a + MPCY$$

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

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

$$C = 500 + 9,000$$

$$C = 9,500$$



Stock prices drop as a result of the pandemic. Claudia lost the money she had saved in stocks. How will her consumption change?

$$C = a + MPCY$$