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

C = a + MPCY

C = 500 + 9,000

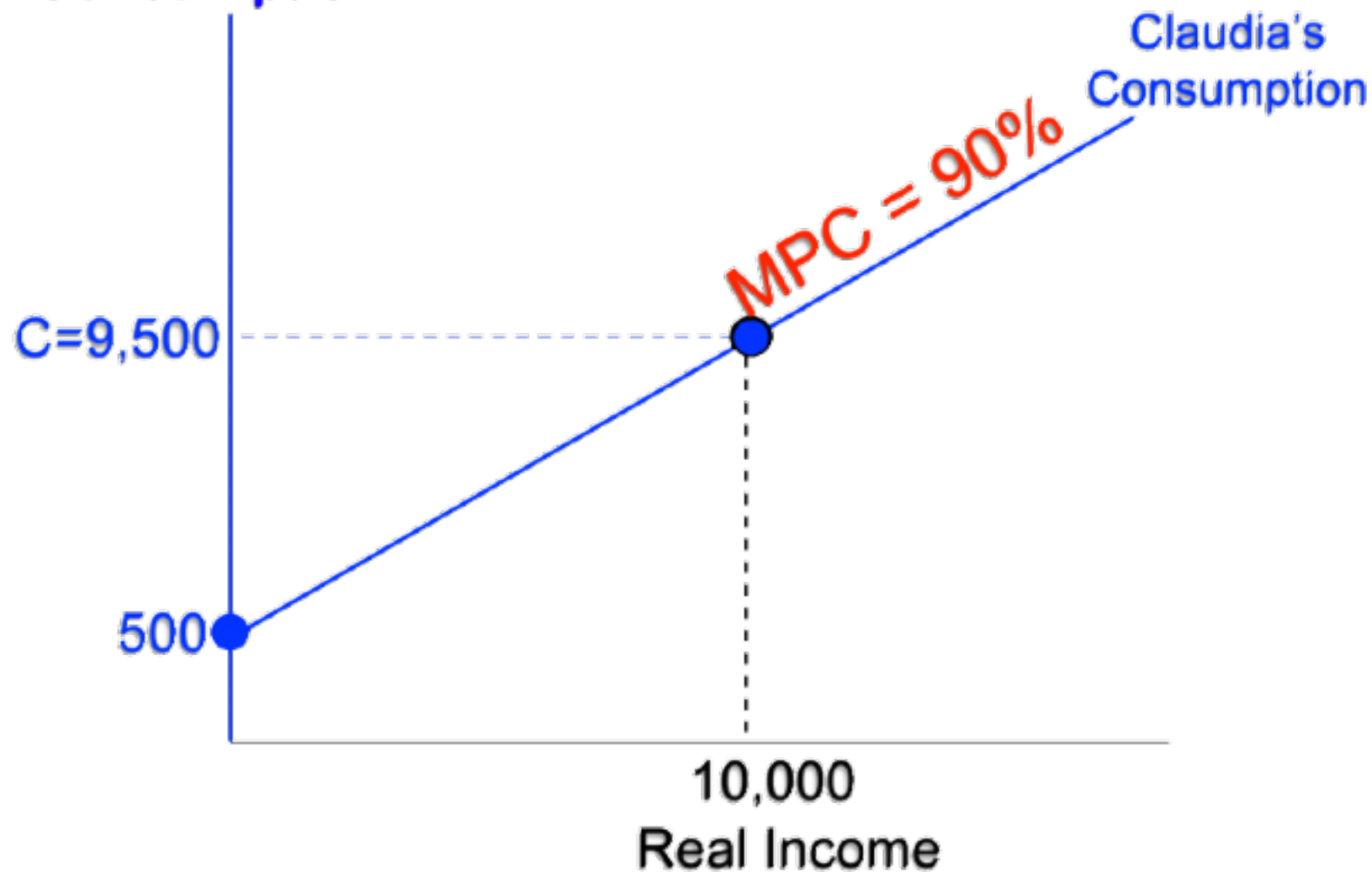
C = 9,500

Claudia's income is \$10,000/month autonomous consumption = \$500

and her MPC = 90% 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



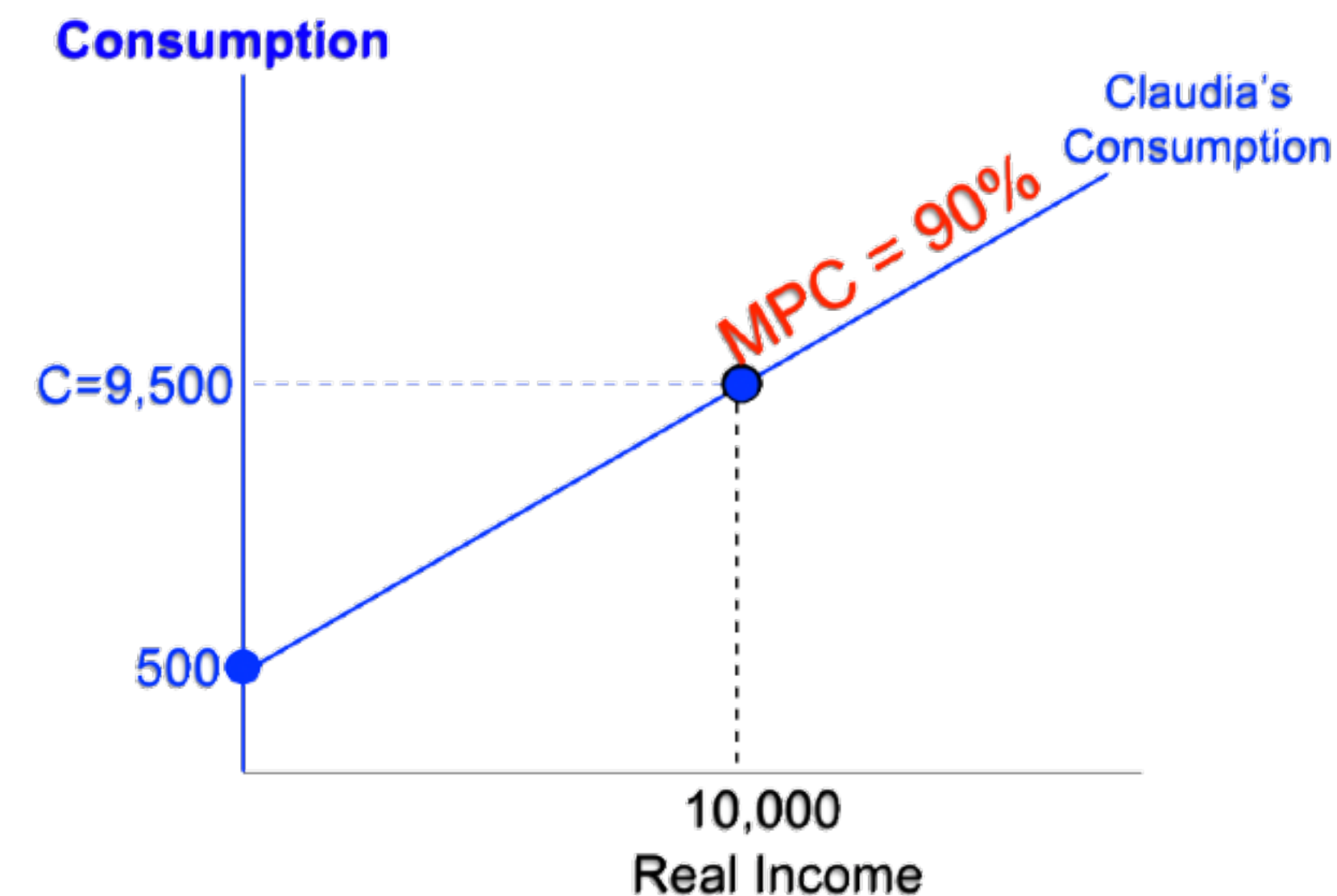
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$$C = a + MPCY$$