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

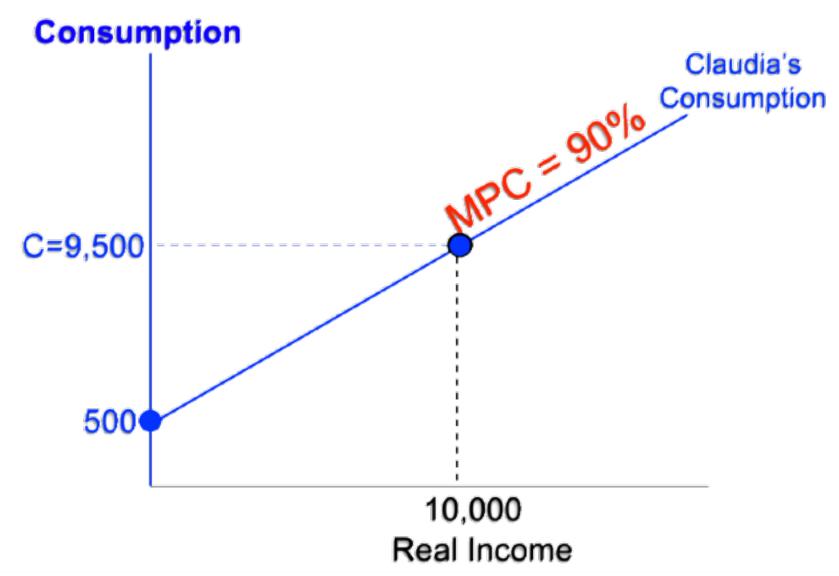
C = a + MPCY

C = 500 + 9,000

= 9,500

Claudia's income is \$10,000/month, her autonomous consumption is \$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?



The Consumption Function:

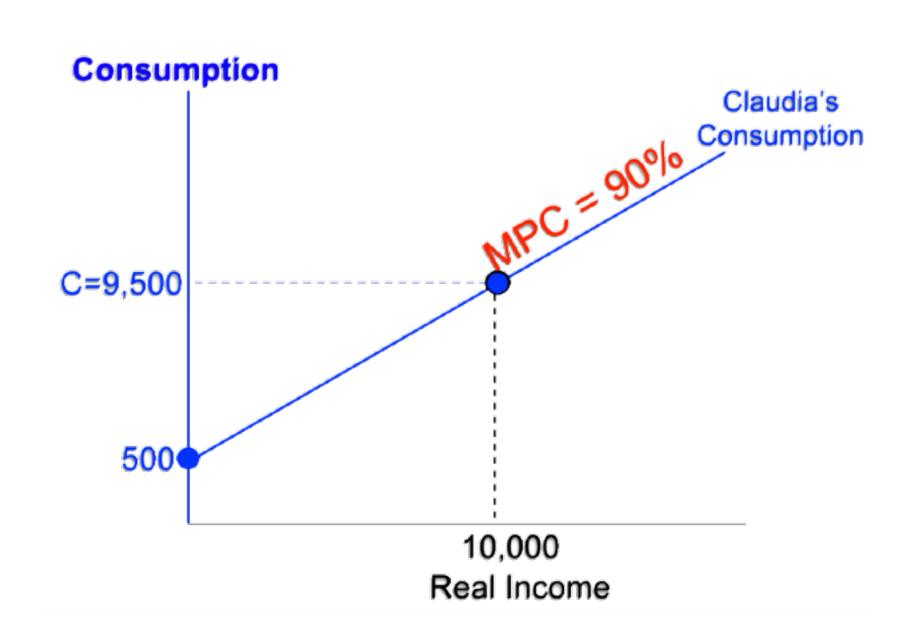
The Consumption Function: C = a + MPCY

Claudia's income is \$10,000/month, her autonomous consumption is \$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?

$$C = a + MPCY$$