

1

6

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

C

=

a

+

MPCY

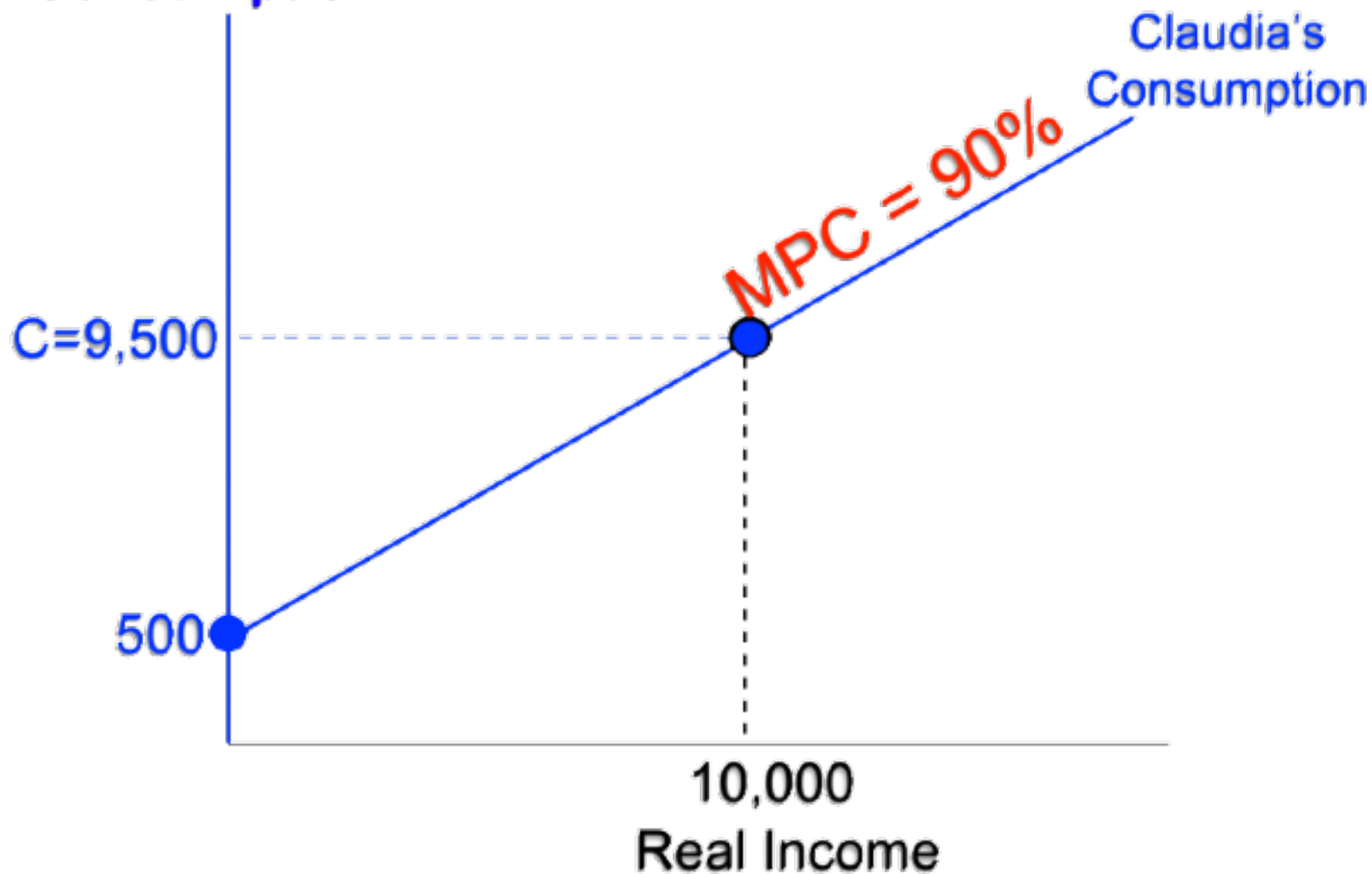
$$C = 500 + 9,000$$

C = 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?

Consumption



The Consumption Function:

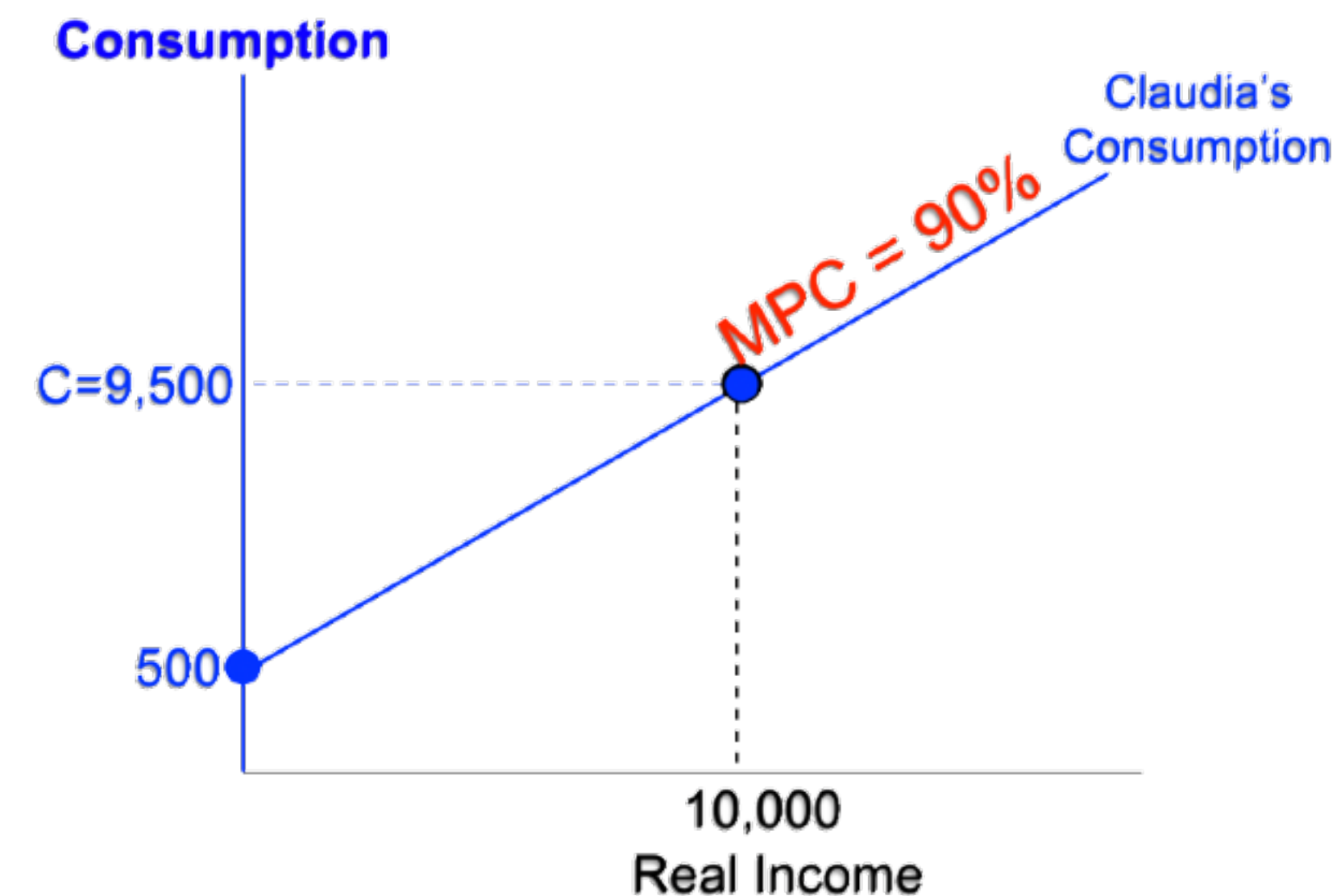
The Consumption Function: $C = a + MPCY$

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

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

$$C = 500 + 9,000$$

$$C = 9,500$$



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$$C = a + MPCY$$