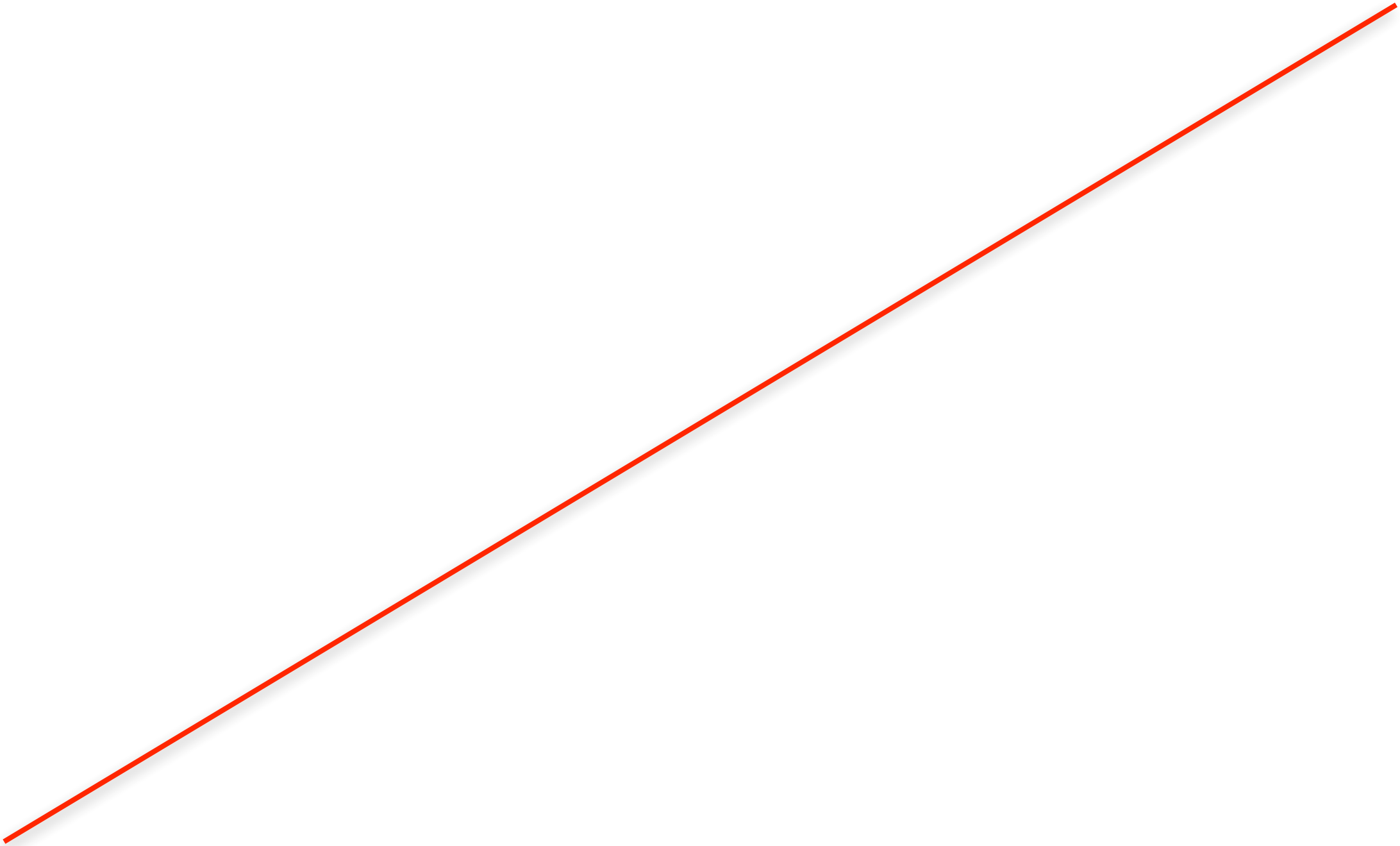
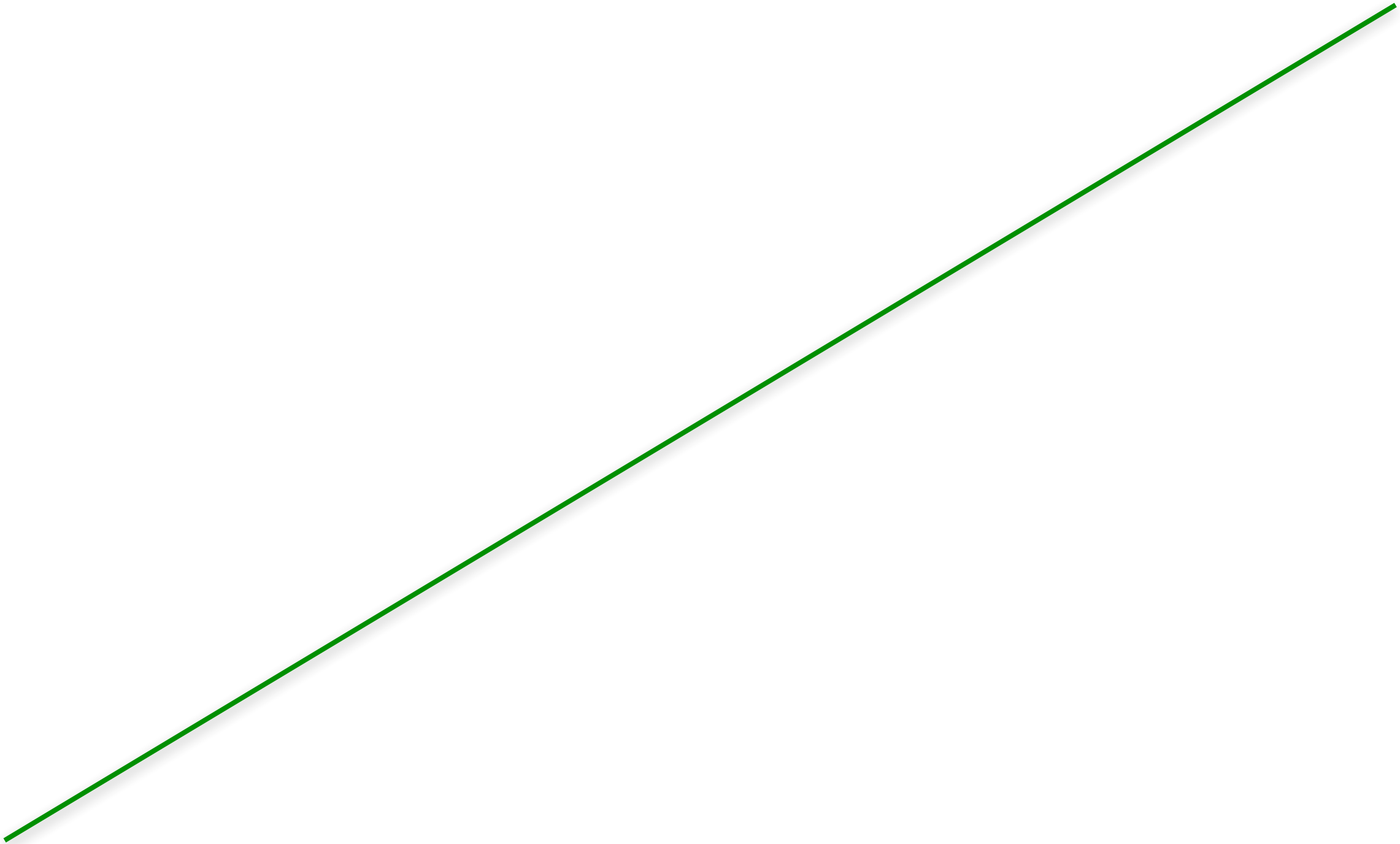
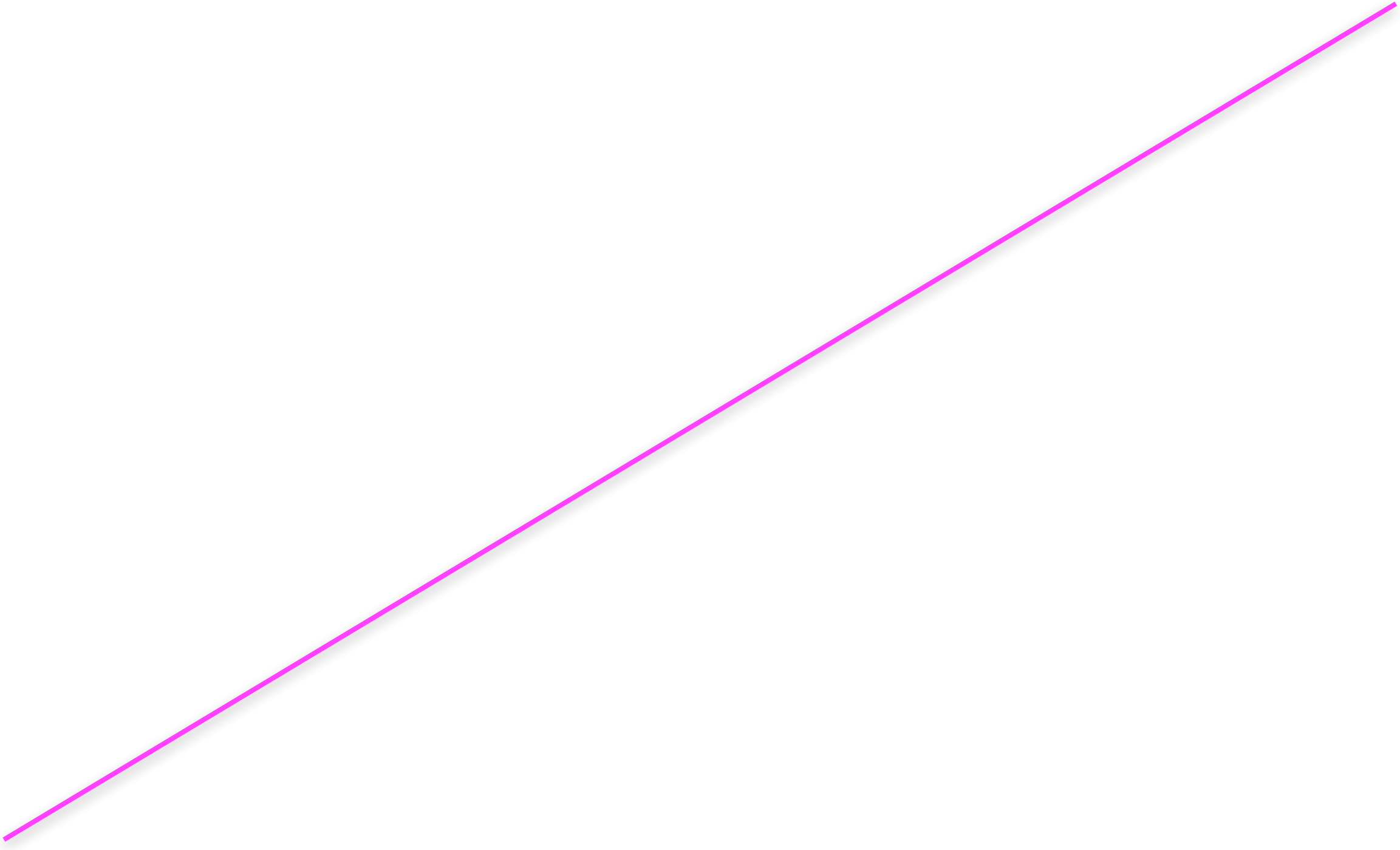
Real Income: Y

Consumption Expenditures

$$Y = 10,000$$







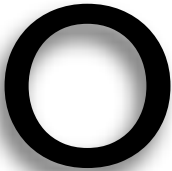

8,000

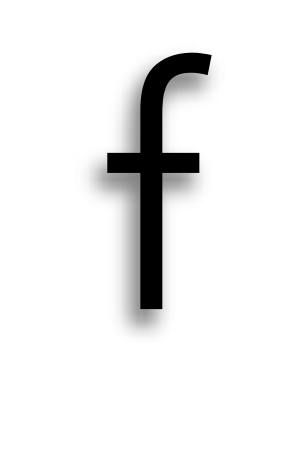
9,000

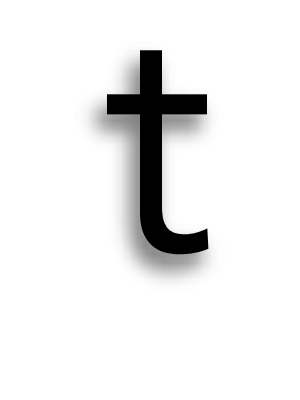
Claudia's Consumption

Mary's Consumption

Bob's Consumption



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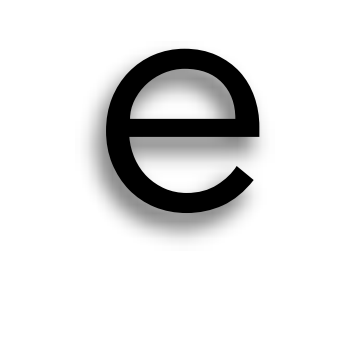

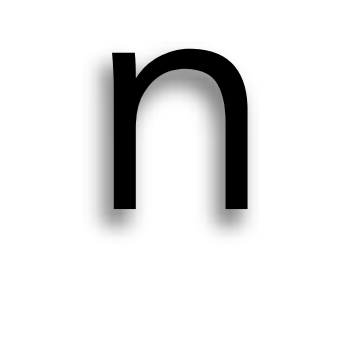
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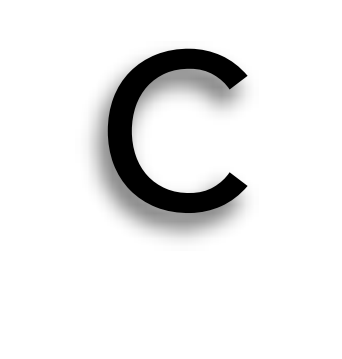
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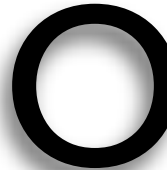

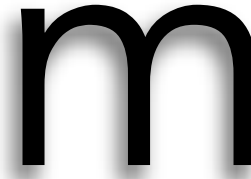

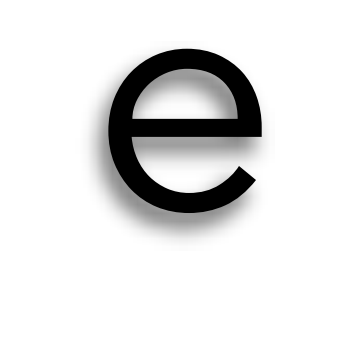

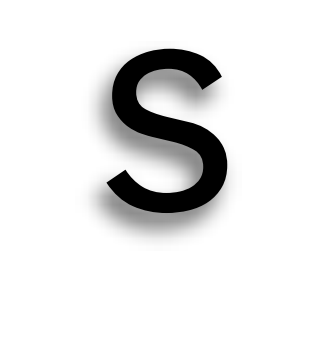
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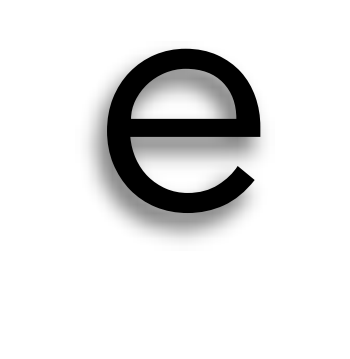

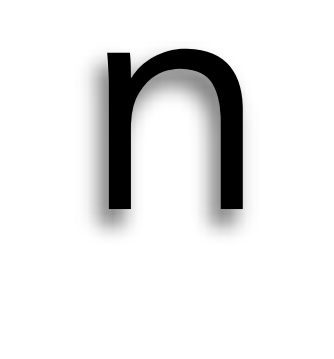
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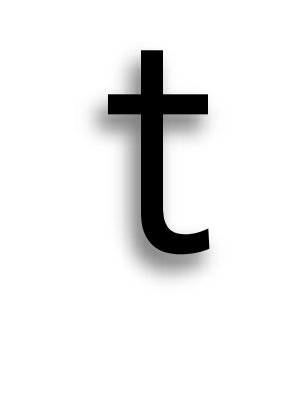
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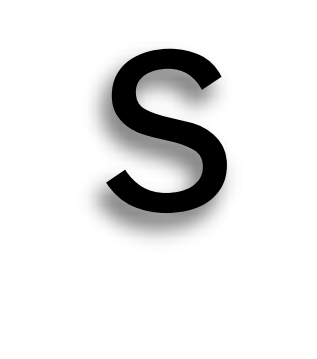
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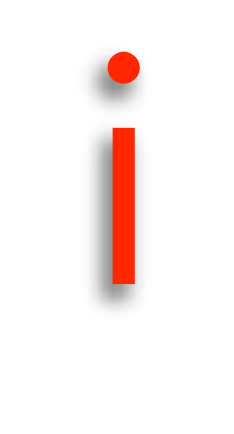

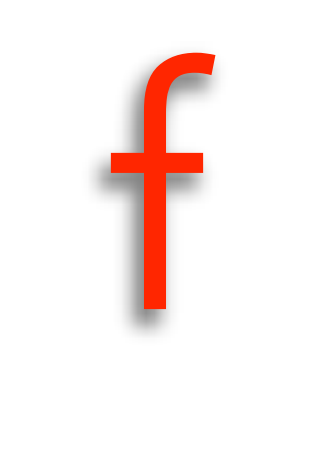

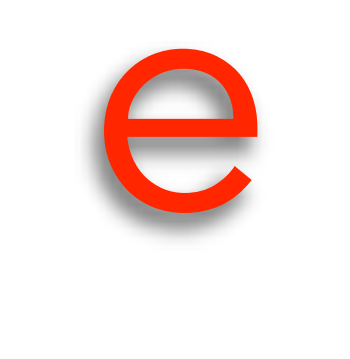

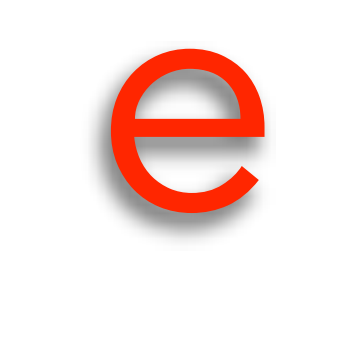


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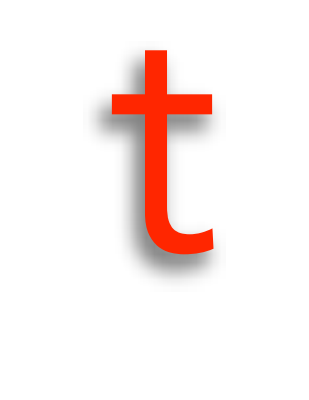

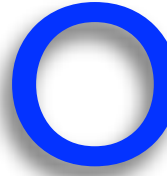

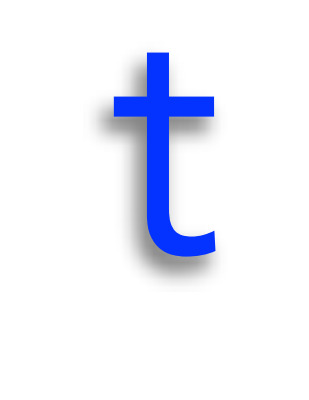
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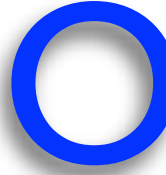


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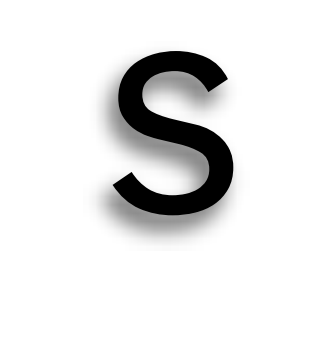
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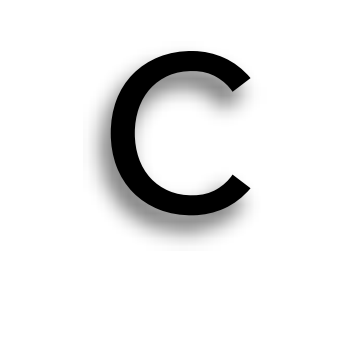
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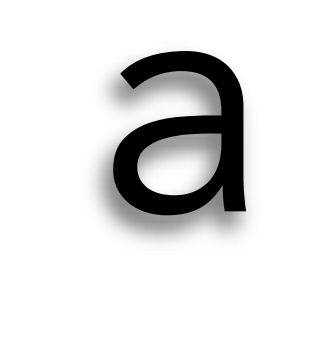
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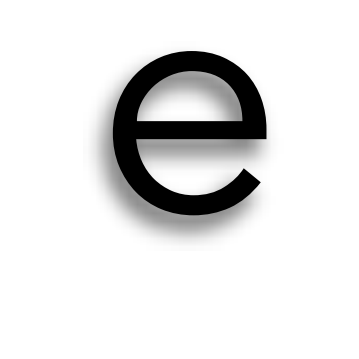

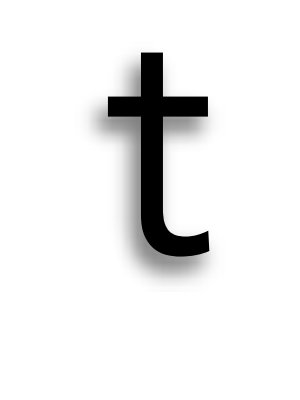
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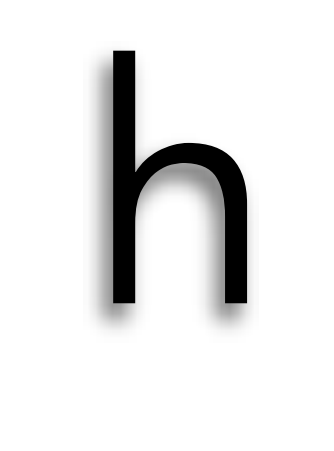
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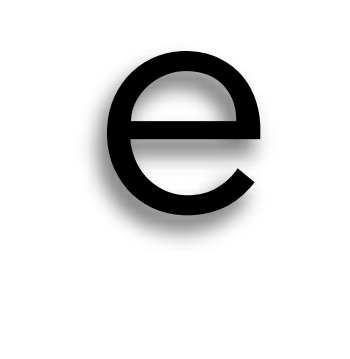

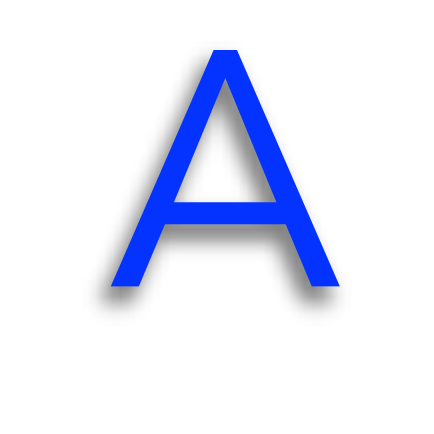
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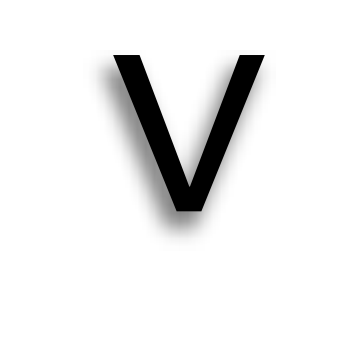

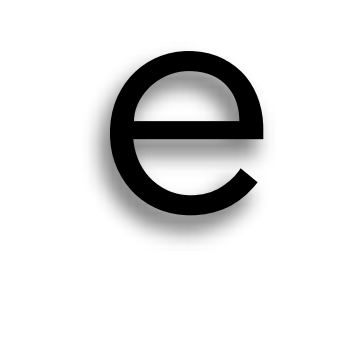

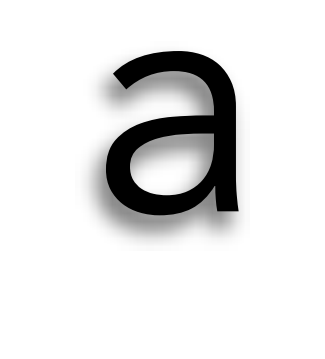
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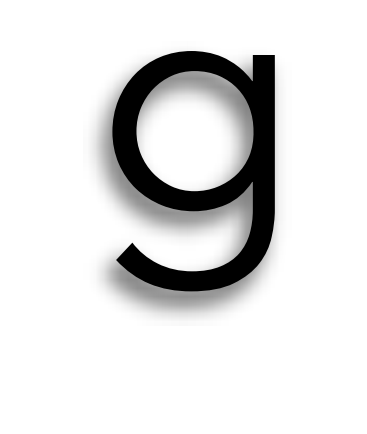

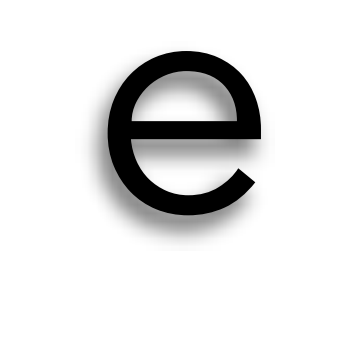

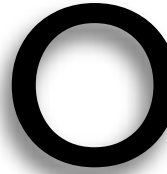

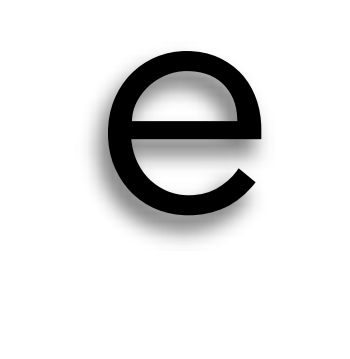

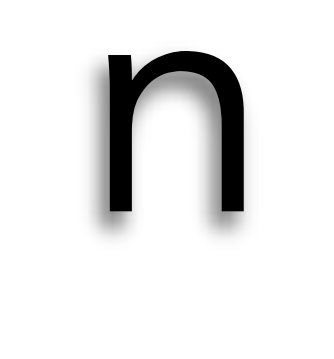
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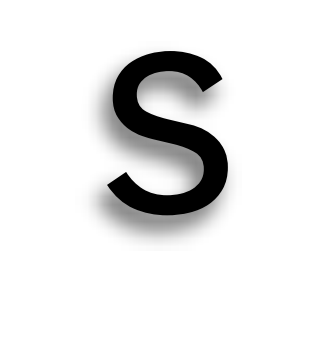
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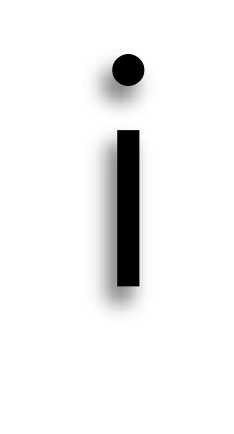

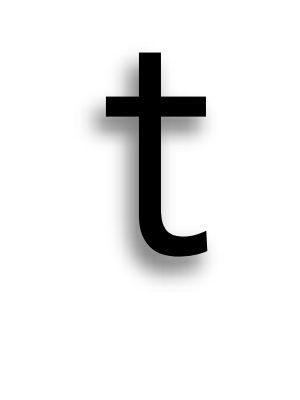
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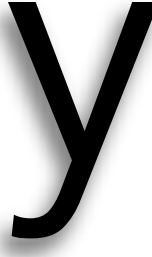

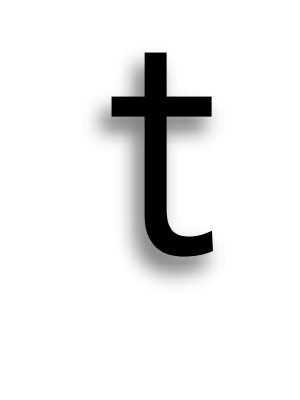
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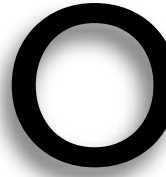

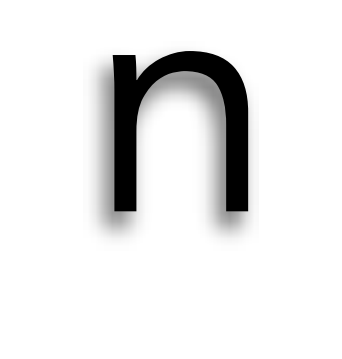
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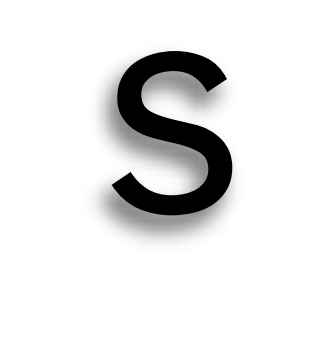
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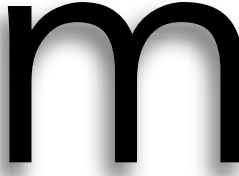
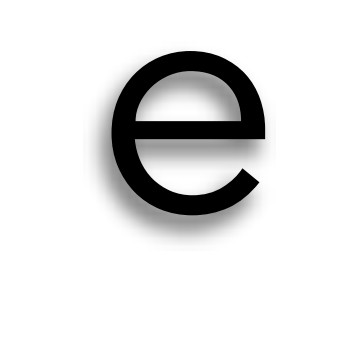
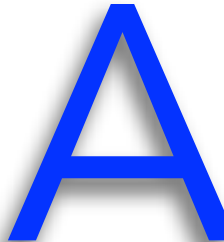
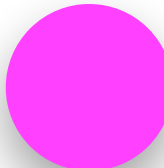


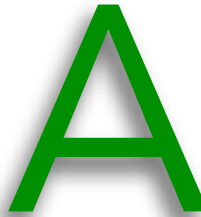


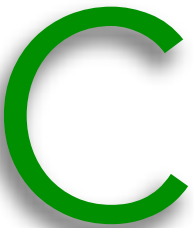



10,000

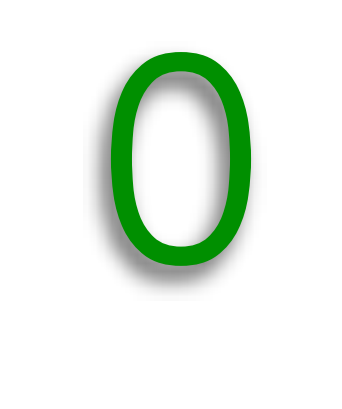


APC = 80%






9

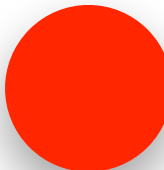

0

APC = 100%

Claudia spends 80% of her income

Mary spends 90% of her income

Bob spends 100% of his income



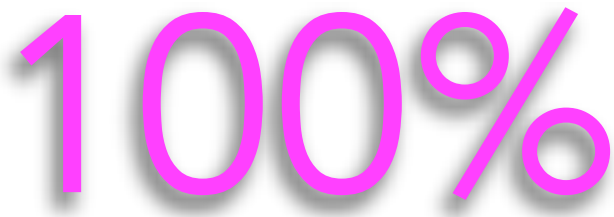
Income is the same for all three

Consumers spend their income differently

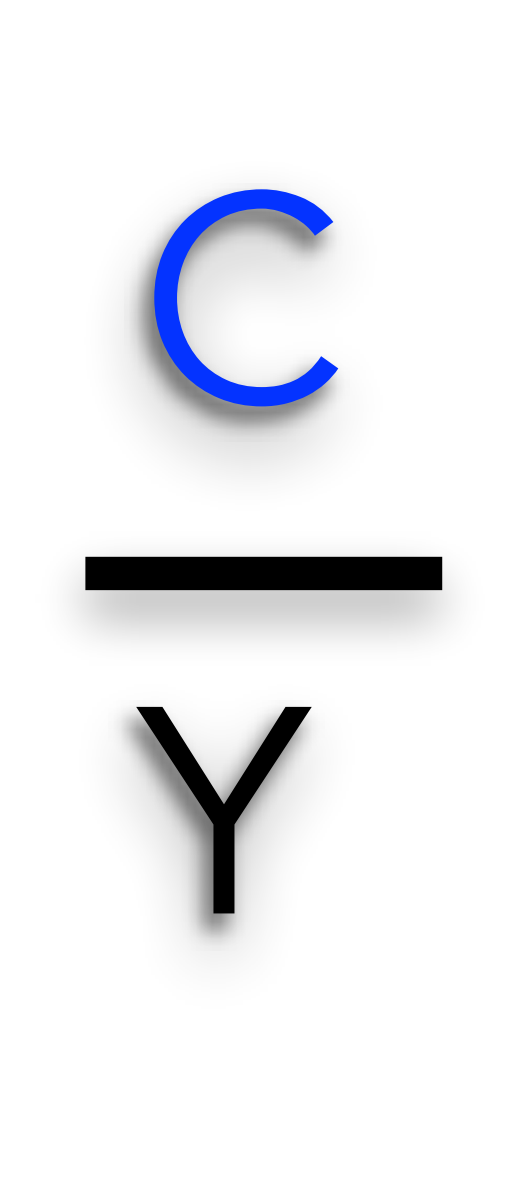
Consumption Expenditures


80%


90%

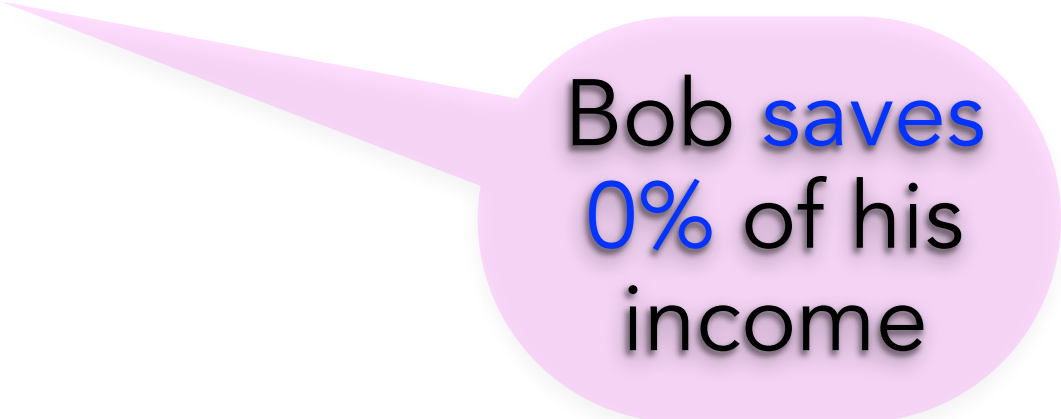

100%

APC =


C
Y

Claudia saves 20% of her income

Mary saves 10% of her income


Bob saves
0% of his
income

Consumers save their income differently

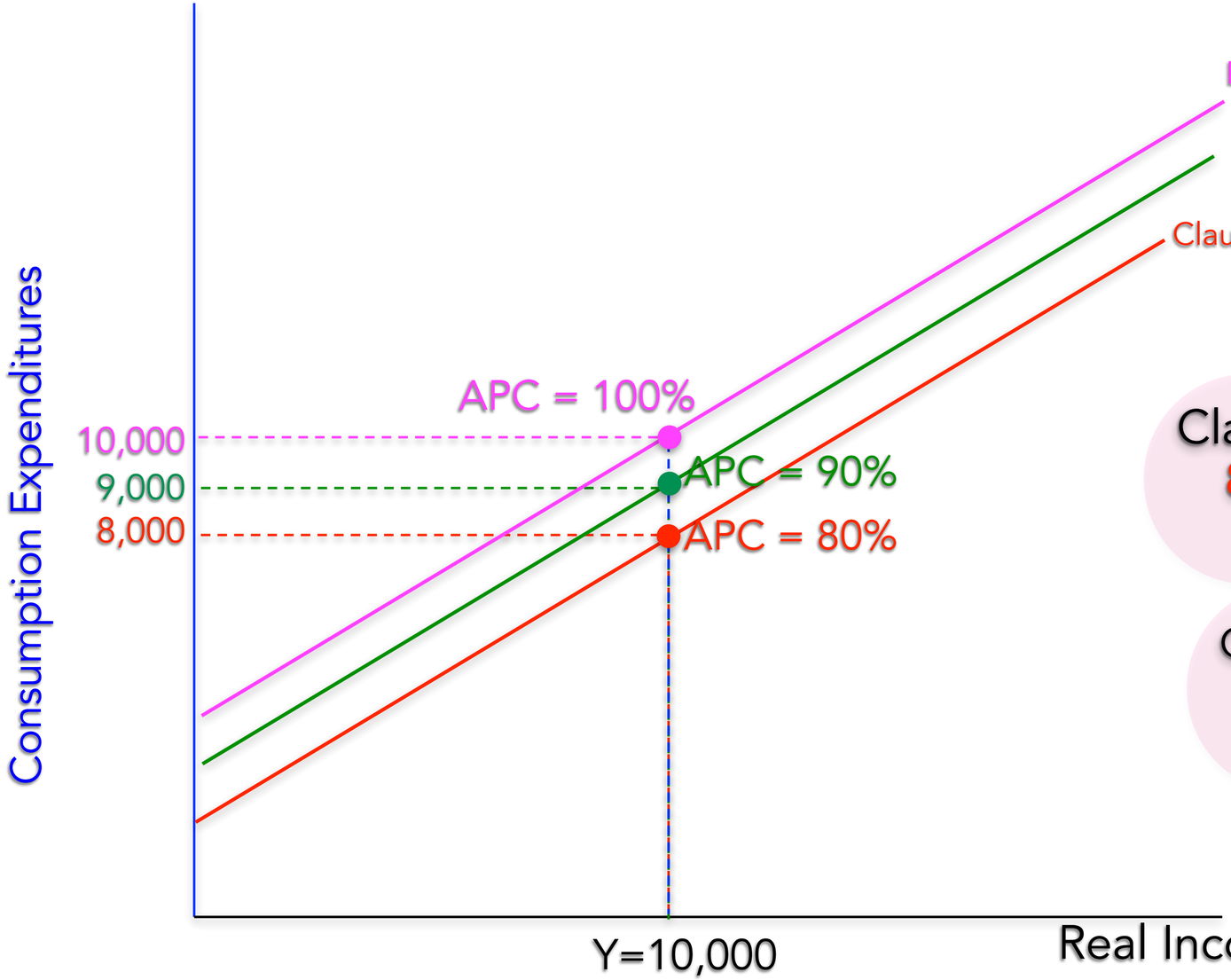
$$APS = \frac{S}{Y}$$

% of the income saved is called the Average Propensity to Save: APS

% of the income spent is different

% of the income spent is called the Average Propensity to Consume: APC

APC = 90%



Bob spends 100% of his income

Bob saves 0% of his income

Mary spends 90% of her income

Mary saves 10% of her income

Claudia spends 80% of her income

Claudia saves 20% of her income

Consumers spend their income differently

$$APC = \frac{C}{Y}$$

Consumers save their income differently

$$APS = \frac{S}{Y}$$

% of the income spent is called the Average Propensity to Consume: APC

% of the income saved is called the Average Propensity to Save: APS