

20

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

C = a + NRCY

$$C = 500 + 9,000$$

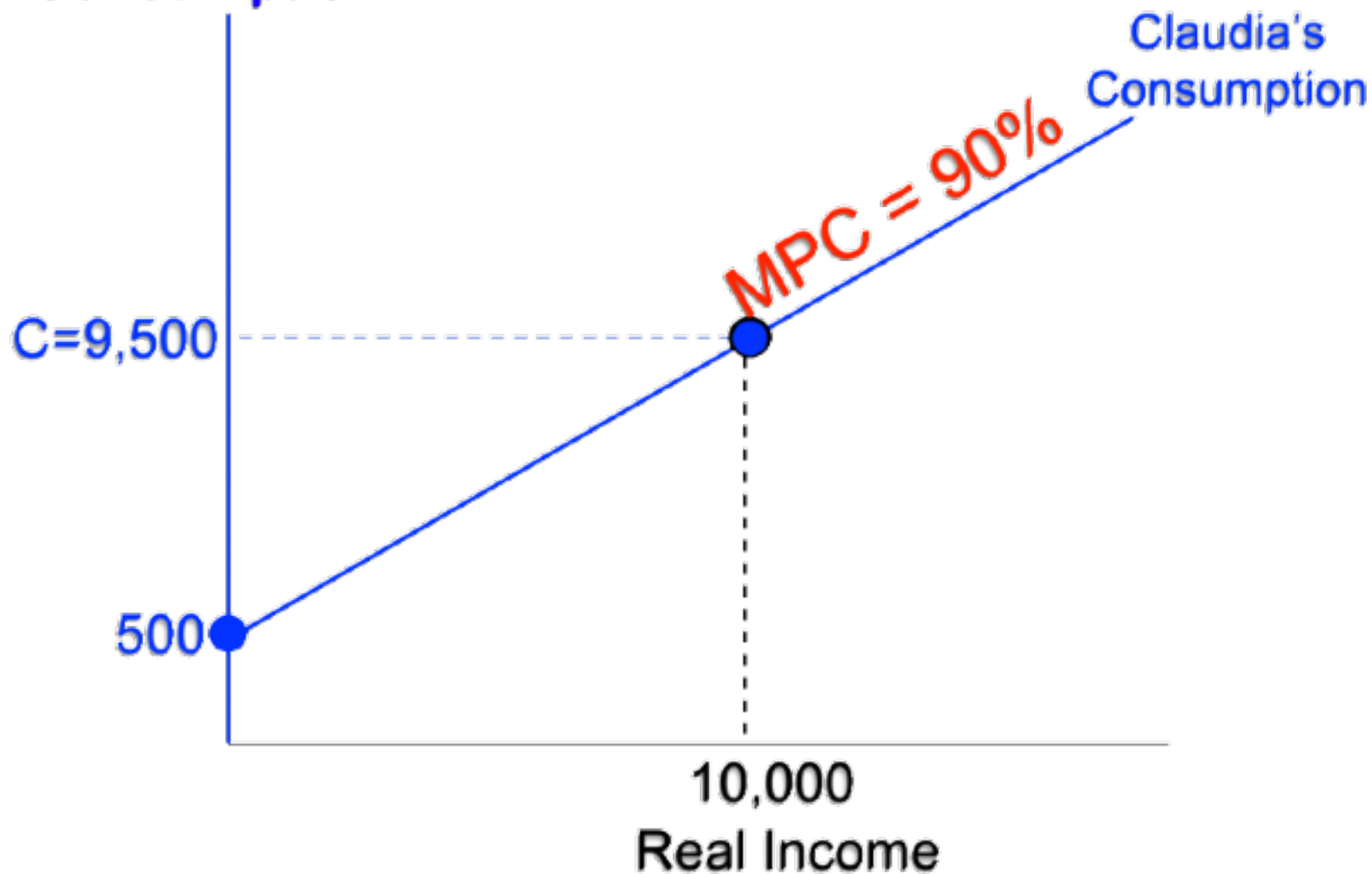
C = 9,500

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

and her MPC = 90%

Stock prices drop as a result of the pandemic. Claudia's savings are now half of what she had. How will her consumption change?

Consumption



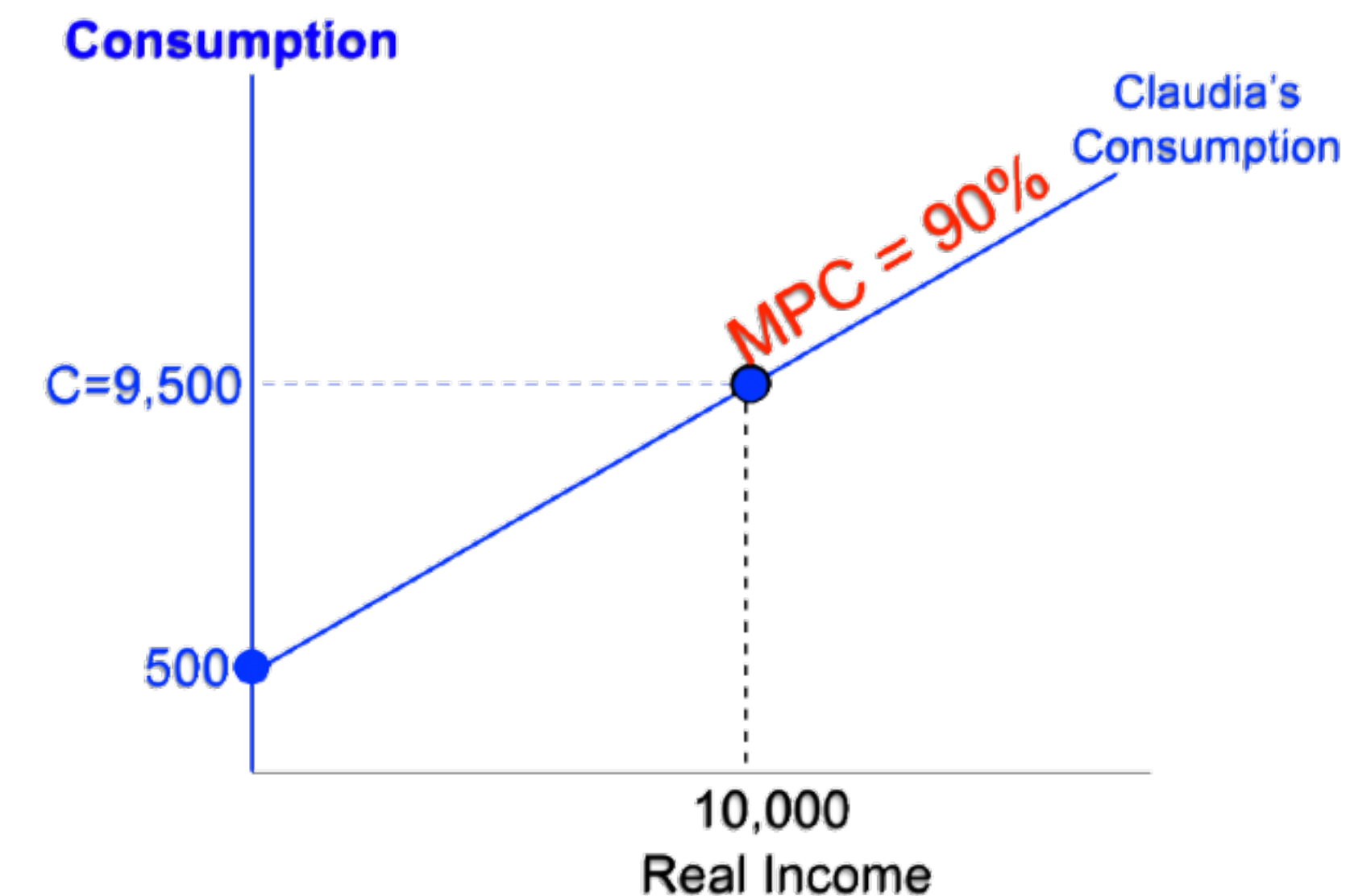
$$C = a + MPCY$$

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