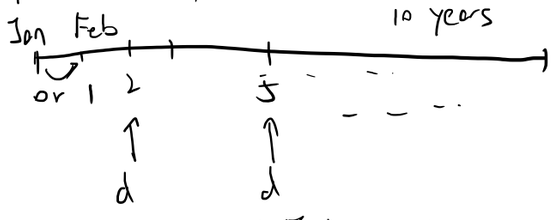
Notes, Feb 3rd, 2021

PS 2 Q 1-4



$|d_i| = \begin{cases} 10 & : i = 3 = 0.1 \\ 1d & : i \neq 3 = 2 \end{cases}$

$NPV = \sum \left(\frac{1}{1+r}\right)^i \cdot d_i$

Q4

year 1 r_1

year 2 r_2

replace $\left(\frac{1}{1+r}\right)^i$ by $\prod_{i=0}^{T} \left(\frac{1}{1+r_i}\right)$

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returns to scale

$F(x_1, x_2 \cdots, x_n)$

$\nu \cdot F(\quad)$ vs $F(\nu x_1, \nu x_2, \cdots \nu x_n)$

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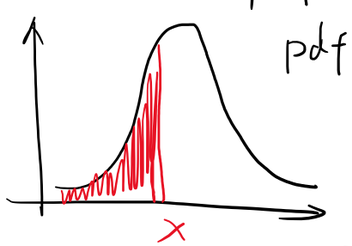
marginal product (k, L), F

$\frac{\partial F}{\partial k}$ $\frac{\partial F}{\partial L} \overset{MPL}{\approx} \frac{F(L+\varepsilon, \cdot) - F(L)}{\varepsilon}$ $1e^{-8}$

Cumulative density function



pdf prob. den. fn.

$F(x) = \int_{-\infty}^{x} f(x)\,dx$

CDF PDF