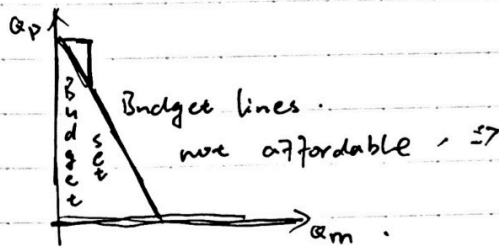


No. _____

Date _____



$$Q_p = \frac{Y}{P_p} - \frac{P_m}{P_p} Q_m$$

$$\text{slope} = \frac{\frac{P_m}{P_p}}{\frac{Y}{Q_p}} = \frac{Q_m}{Q_p} = \frac{Q_p}{Q_m}$$

relative price
↓
opportunity cost

Y = income

P_m = price per ~~unit~~ movie $P_m \cdot Q_m + P_p \cdot Q_p \leq Y$

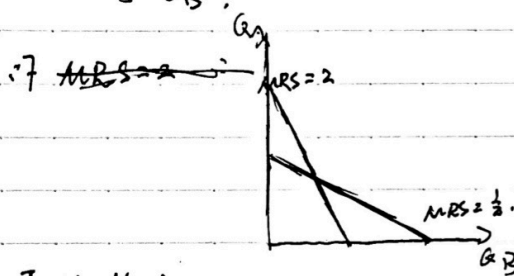
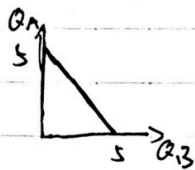
P_p

pop

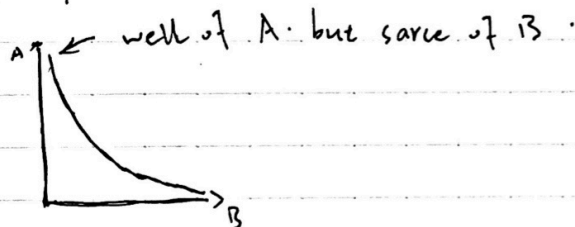
e.g. $P_m \downarrow \mid Q_p^- \mid Q_m^+ \mid \text{slope} \downarrow$
 $P_m \downarrow \mid Q_p^+ \mid Q_m^- \mid \text{slope} \uparrow$
 $Y \uparrow \mid Q_p^+ \mid Q_m^+ \mid \text{slope}^-$

perfect substitute: the substitute that can provide an equal level of happiness

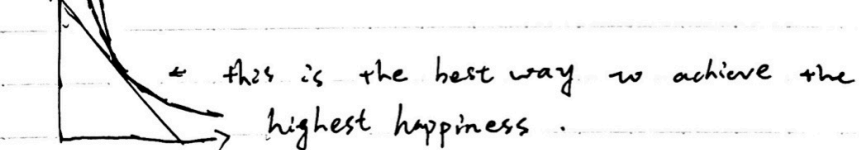
MRS: marginal rate of substitution $= |\text{slope}|$



Typically:



budget preference.



perfect complement: $\Rightarrow xA + yB$ is a package of good.

