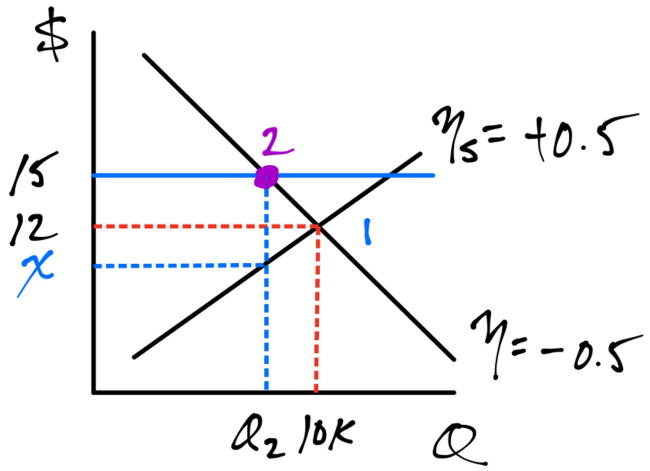
Daily Exercise Solution

Drawing the figure:



Calculating Q_2:

$$\%\Delta P = \frac{+3}{12} = +25\%$$

$$\%\Delta Q = \eta * \%\Delta P$$

$$\%\Delta Q = (-0.5) * (25\%) = -12.5\%$$

$$\Delta Q = (-0.125) * 10{,}000 = -1{,}250$$

$$Q_2 = 10{,}000 - 1{,}250 = 8{,}750$$

Calculating X:

$$\frac{\%\Delta Q}{\%\Delta P} = \eta_S$$

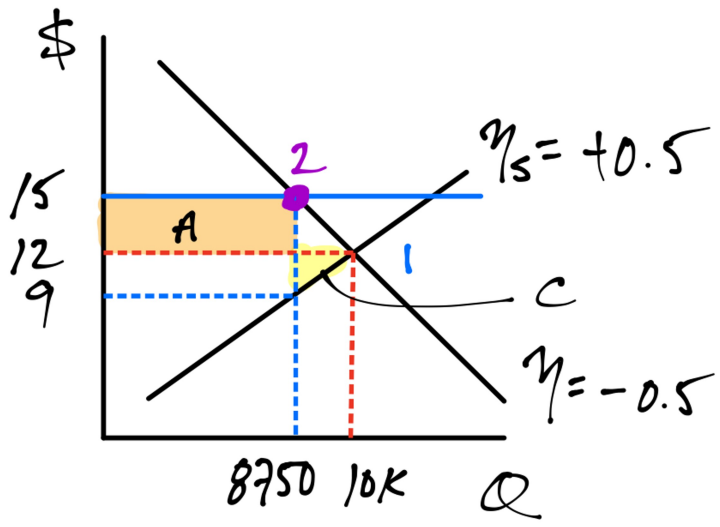
$$\frac{-12.5\%}{\%\Delta P} = +0.5$$

$$\%\Delta P = \frac{-12.5\%}{0.5} = -25\%$$

$$\Delta P = (-0.25) * 12 = -\$3$$

X = $12 - $3 = $9

Calculating the changes in PS:



A = 3*8,750 = 26,250
C = 0.5*3*1,250 = 1,875

Job keepers: $\Delta PS = +A$ +$26,250

Job losers: $\Delta PS = -C$ -$1,875