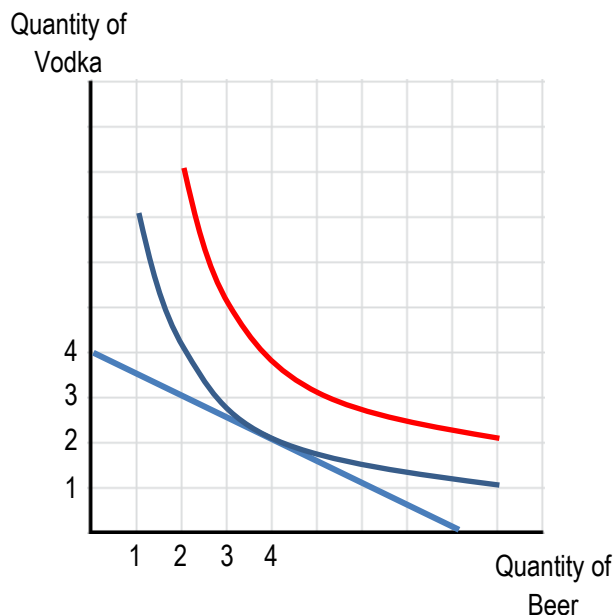


CONCEPT: THE CONSUMER OPTIMUM CONSUMPTION

- The consumer's optimum consumption reflects the _____ utility possible within their _____

□ **Optimum Consumption** – The point where an indifference curve is _____ to the budget constraint

EXAMPLE: Party Boy Paul spends all of his income, \$24, on two goods: Vodka and Beer. Vodka sells for \$6 and Beer sells for \$3. Indifference curves for two levels of utility are also shown. What is PBP's optimum consumption bundle?



- A change in the level of income or price of a good will change the optimum consumption:

