

Middle East Technical University
Faculty of Economic and Administrative Sciences
Department of Economics
Econ 101 Section 01
Fall 2023

HOMEWORK IV
(Submission date: Nov., 26 2023)
(Late submissions will not be evaluated)

1. Suppose that Hacer Harcar is a loyal consumer of apples and oranges throughout the winter. Assume that the combinations within each set below, give her equal amount of satisfaction but each set represents different level of satisfaction.

SET I			SET II			SET III			SET IV		
Points	Apples	Oranges	P	A	O	P	A	O	P	A	O
A	20	4	G	20	6	M	20	7	S	20	10
B	10	5	H	12	7	N	14	8	T	12	11
C	5	6	I	7	8	O	9	9	U	10	12
D	2	7	J	4	9	P	6	10	V	9	16
E	1	12	K	3	13	Q	5	13	W	8	20
F	0,5	20	L	2	20	R	4	20			

Hacer's income amounts to 96 TL., per week which she spends fully on these two fruits. During the first week of winter orange price per unit changes three times: it falls from 12 TL. to 8 TL. to 6 TL. and to 3 TL. Assume that apple price per unit remains at 6 TL. during the first week of winter.

- a. Draw the indifference curves placing oranges on the x- axis (all of them on the same graph).
 - b. Draw the budget line for each price level and drive the budget line equations (budget lines should be drawn on the graph drawn in (a)).
 - c. Draw Ms. Harcar's demand curve for oranges on a seperate diagram.
2. Draw indifference map for two goods which are:
- a. perfect substitutes.
 - b. complements.