Intermediate Micro Quiz 1

June 6, 2016

1 Shape of Indifference Curves

Consider the utility function

$$u(x_1, x_2) = \min\{x_1, x_2^2\}$$

What do the indifference curves look like for this function?

2 Demand

Consider the utility function

$$u(x_1, x_2) = -\left((x_1 - 2)^2 - (x_2 - 3)^2\right)$$

With $p_1 = 5$, $p_2 = 2$, and $y = 20$, what bundle of goods will be chosen?
Hint: What does this function look like? Try to draw its indifference curves