

Instructions:

1. Write your name and circle your section number.
2. Answer, in detail, every part in the space provided for it, and circle your final result. Do not mention just the answer.
3. The colored booklet is for scratch work and will not be corrected.

$$X = A^{-1} B$$

$$\begin{aligned} 2x_1 + 3x_2 &= 4 \\ 5x_1 + 6x_2 &= 8 \end{aligned}$$

I. The solution to a system of equations having the form $AX = B$ can be found by the matrix

multiplication: $X = \begin{pmatrix} 7 & -1 \\ 12 & -6 \end{pmatrix} \begin{pmatrix} 60 \\ -24 \end{pmatrix}$ which is $X = A^{-1} B$

1. (10%) What is the original system of equations?

$$AX = B$$

$$A^{-1} \text{ is } \begin{pmatrix} 7 & -1 \\ 12 & -6 \end{pmatrix}$$

\Rightarrow we bring the inverse of this matrix
and call the inverse M

M of $A^{-1} = \frac{1}{|A|} A^T \Rightarrow \Delta = -42 + 12 = -30$ and $A^T = \begin{pmatrix} -6 & -12 \\ 1 & 7 \end{pmatrix}$ and its

transpose is $\begin{pmatrix} -6 & 1 \\ -12 & 7 \end{pmatrix} \Rightarrow M = \begin{pmatrix} \frac{1}{5} & \frac{1}{30} \\ \frac{2}{5} & \frac{7}{30} \end{pmatrix}$ original system $AX = B$

$$\begin{cases} \frac{1}{5}x_1 - \frac{1}{30}x_2 = 60 \\ \frac{2}{5}x_1 - \frac{7}{30}x_2 = -24 \end{cases}$$

2. (5%) What is the solution?

$$X = \begin{pmatrix} 7 & -1 \\ 12 & -6 \end{pmatrix} \begin{pmatrix} 60 \\ -24 \end{pmatrix}$$

$$\begin{pmatrix} 420 - 24 \\ 720 - 144 \end{pmatrix} = \begin{pmatrix} 396 \\ 576 \end{pmatrix}$$

$$\begin{cases} x_1 = 396 \\ x_2 = 576 \end{cases}$$

II. (10%) The following matrix gives the transition probabilities related to a market dominated by two firms, A and B:

$$T = \begin{pmatrix} 0.4 & 0.6 \\ 0.2 & 0.8 \end{pmatrix}$$

Assume currently firm A has 65% of the market share.

1. (5%) Predict the market share of A in the next period.

$$T = \begin{pmatrix} 0.4 & 0.6 \\ 0.2 & 0.8 \end{pmatrix} \quad S = \begin{pmatrix} 0.65 & 0.35 \end{pmatrix}$$

share for next period = $ST = \begin{pmatrix} 0.65 & 0.35 \end{pmatrix} \begin{pmatrix} 0.4 & 0.6 \\ 0.2 & 0.8 \end{pmatrix} = \begin{pmatrix} 0.33 & 0.67 \end{pmatrix}$

$1 \times 2 \quad 2 \times 2 \quad 1 \times 2$

2. (10%) Assume the transition matrix remains stable. Find the expected equilibrium shares of the two firms, if they exist.

Equilibrium: $ET = E$

$$E = (P_1 \ P_2) \quad P_1 + P_2 = 1$$

$$(P_1 \ P_2) \begin{pmatrix} 0.4 & 0.6 \\ 0.2 & 0.8 \end{pmatrix} = P_1 \ P_2$$

$$\begin{aligned} 0.4P_1 + 0.2P_2 &= P_1 & \Rightarrow & 0.4(1-P_2) + 0.2P_2 = 1-P_2 \\ 0.6P_1 + 0.8P_2 &= P_2 & \Rightarrow & 0.6P_1 = 1-P_2 \end{aligned}$$

III. (20%) Given the matrix $A = \begin{pmatrix} -5 & 1 & -2 \\ -4 & 0 & -2 \\ 3 & -2 & -3 \end{pmatrix}$

1. Calculate $|A|$ by adding columns. Show your work.

$$|A| = \begin{vmatrix} -5 & 1 & -2 \\ -4 & 0 & -2 \\ 3 & -2 & -3 \end{vmatrix} \begin{vmatrix} -5 & 1 \\ -4 & 0 \\ 3 & -2 \end{vmatrix} = (0 - 6 - 16) - (0 - 20 + 12) - 22 + 8 = \boxed{-14}$$

2. Use Cramer's rule to solve just for x_3 in the system: $A \begin{pmatrix} x_1 \\ x_2 \\ x_3 \end{pmatrix} = \begin{pmatrix} 28 \\ -14 \\ -7 \end{pmatrix}$. Here A is the given matrix.

Cramer's Rule says: $x_3 = \frac{\Delta x_3}{|A|}$

and $|A|$ we brought in the part before = -14

and Δx_3 : $\begin{vmatrix} -5 & 1 & 28 \\ -4 & 0 & -14 \\ 3 & -2 & -7 \end{vmatrix} \begin{vmatrix} -5 & 1 \\ -4 & 0 \\ 3 & -2 \end{vmatrix} = (0 - 42 + 224) - (0 - 140 + 28) = 182 + 112 = \boxed{294}$

$\therefore x_3 = \frac{\Delta x_3}{\Delta A} = \frac{294}{-14} = \boxed{-21}$

3. Find just the 3rd column of A_c (the matrix of cofactors of A).

$A = \begin{pmatrix} -5 & 1 & -2 \\ -4 & 0 & -2 \\ 3 & -2 & -3 \end{pmatrix}$

cofactor of -2 = $\boxed{8}$

" of -2 = $-(10 - 3) = \boxed{-7}$

" of -3 = $(0 + 4) = \boxed{4}$

3rd column of A_c is

$\begin{pmatrix} 8 \\ -7 \\ 4 \end{pmatrix}$

4. Determine $A^2 = A \times A$

$\begin{pmatrix} -5 & 1 & -2 \\ -4 & 0 & -2 \\ 3 & -2 & -3 \end{pmatrix} \begin{pmatrix} -5 & 1 & -2 \\ -4 & 0 & -2 \\ 3 & -2 & -3 \end{pmatrix} = \begin{pmatrix} (-5-4-6) & (-5+0+4) & (10-2+6) \\ \dots & \dots & \dots \end{pmatrix}$
sample of how we bring it

$= \begin{pmatrix} -15 & -1 & 14 \\ 14 & 0 & 14 \\ -16 & 9 & 7 \end{pmatrix}$

IV. (10%) Find the 3x3 matrix B for which $b_{ij} = \begin{cases} j-2i+1 & ; \text{ if } i=j \\ 2i^2 \cdot j & ; \text{ if } i \neq j \end{cases}$

$a_{11} = j - 2i + 1 = 1 - 2 + 1 = 0$
 $a_{12} = 2i^2 \cdot j = 2(1)(2) = 4$
 $a_{13} = 2i^2 \cdot j = 2(1)(3) = 6$
 $a_{21} = 2i^2 \cdot j = 2(2)^2(1) = 8$
 $a_{22} = j - 2i + 1 = 2 - 4 + 1 = -1$
 $a_{23} = 2(4)(3) = 24$
 $a_{31} = 2(9) = 18$ and $a_{32} = 2(9)(2) = 36$ and $a_{33} = 3 - 2(3) + 1 = -2$

$$B = \begin{pmatrix} 0 & 4 & 6 \\ 8 & -1 & 24 \\ 18 & 36 & -2 \end{pmatrix}$$

V. (20%) The table below has been provided by the quality control department of a factory:

	Product 1 (P ₁)	Product 2 (P ₂)	Product 3 (P ₃)	Total
(A) Acceptable	50	42	78	170
(B) Unacceptable	12	8	10	30
Total	62	50	88	200

One item is randomly taken from the batch. Find the following probabilities:

1. P(A)

$$P(A) = \frac{170}{200} = \frac{17}{20} = 0.85$$

2. P(A ∩ P₁)

$$= \frac{50}{200} = \frac{5}{20} = \frac{1}{4} = 0.25$$

3. P(B ∪ P₂)

$$\begin{aligned}
 &= P(B) + P(P_2) - P(B \cap P_2) \\
 &= \frac{30}{200} + \frac{50}{200} - \frac{8}{200} = \frac{72}{200} = 0.36
 \end{aligned}$$

4. P(P₃ | A)

$$\begin{aligned}
 &= \frac{P(P_3 \cap A)}{P(A)} = \frac{78/200}{170/200} = \frac{78}{170} = 0.45
 \end{aligned}$$