

Economics of risk and problems assignment



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BUSTER**

Economics of Risk and Problems contains: Economics of Risk and Uncertainty Applied Problems Please, complete the following two applied problems in a Word or Excel document. Show all your calculations and explain your results. Submit your assignment in the drop box by using the Assignment Submission button. Problem II Volkswagen is considering opening an Assembly Plant in Chattanooga, Tennessee, for the production of its 2012 Pasta, tailored for the US market.

The CEO of the many is considering two potential options for the size of the plant: one is a large size with a projected annual production of 150, 000 cars, and the other one is a smaller size plant, which is cheaper to build, but can only produce up to 80, 000 cars per year. Depending on the expected level of demand for these cars in the US, Volkswagen has to decide which option is more profitable. The discount rate is 6% and for simplicity purposes, the CEO is only evaluating a two-year horizon. The initial factory setup cost, the expected demand scenarios, profit, and probabilities are shows in the below table.

Calculate the Net Present Value in each of the two options. Which option should the CEO choose and why? Please, show all your calculations. Business – General Business Economics of Risk and Uncertainty Applied Problems.

Please, complete the following 3 applied problems in a Word or Excel document. Show all your calculations and explain your results. Submit your assignment in the drop box by using the Assignment Submission button. 1 .

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another \$5. MI can be provided in year 2. Assuming the opportunity intent...

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later on when you're seeking out a career. Business - General Business

provided in year 2. Assuming the opportunity interest rate is 6%, what is the present value of the second alternative?

Which of the two alternatives should be chosen and why? How would your decision change if the opportunity interest rate was 12%? Please, show all your calculations. 2. Volkswagen is considering opening an Assembly Plant in Chattanooga, Tennessee, size with a projected annual production of 1 50, 000 cars, and the other one is a 3. An angel investor is considering investing in one of two start-up businesses and is evaluating the expected returns along with the risk of each option in order to choose the better alternative.

Business 1 is an innovative protein energy dry...