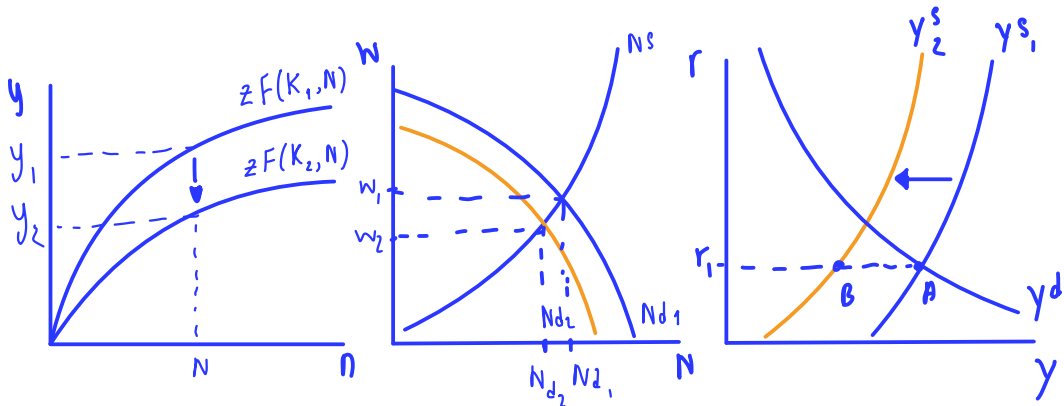
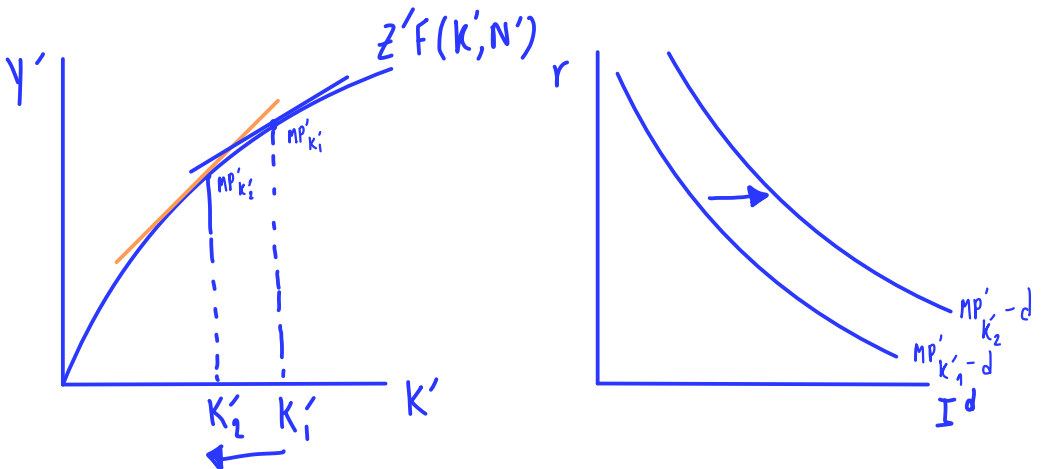


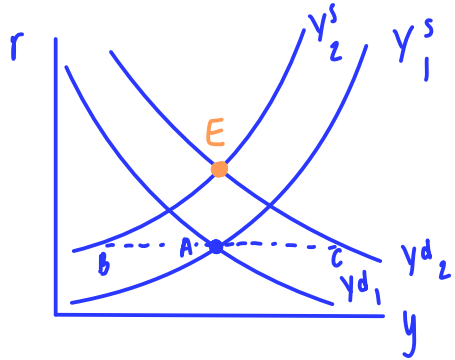
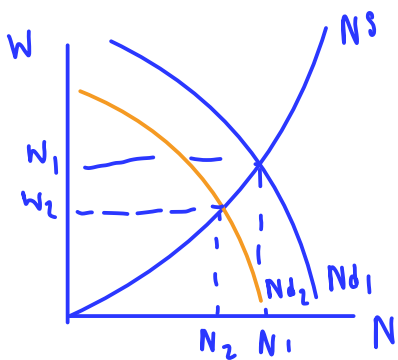
Hurricane Lorenzo

Hurricane Lorenzo is also known as Storm Lorenzo. It was the eastern Category 5 Atlantic hurricane on record. From the mid-September to October, many countries had affected the Hurricane Lorenzo. For instance, Bourbon Rhode, America, Azore, Ireland, and United Kingdom. Thousands of homes and businesses lost power. Some countries had floodwaters that damage a lot of factories that machines had destroyed.

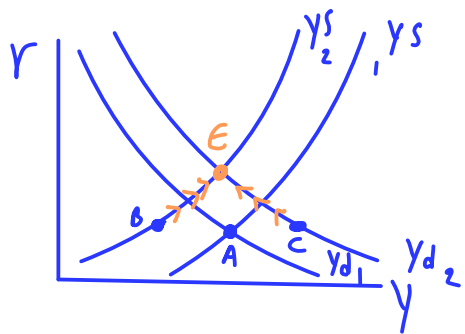
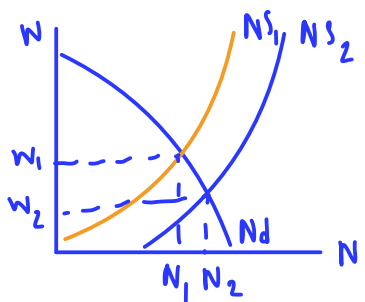


As the machine has vanished, it leads current capital stock to decrease. Firms can't produce the output at the same amount. MPN falls that bring production function shift down. Because the MPN falls, the contribution to hire more labor will decline. Firms will employ fewer workers. Labor demand will shift left. Firms have less labor, so they can produce less output. Output supply shift left.

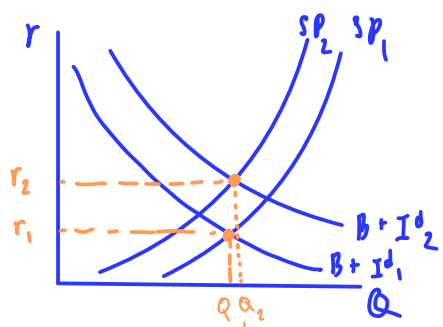




The current capital stock decrease will lead the future capital stock to decline. The slope of the production market will be higher. $MP'K'$ will increase. The investment will increase. Therefore, output demand shifts right to point E, which the real interest rate increase



The real interest rate increase. People will leisure more work less; thus, the labor supply shift right. It has a movement along the output supply curve from point B to E. On the demand side, output demand will move from point C to E even though, investment increase.



In the credit market, due to consumption smoothing, private savings will decrease. Since investment demand increase, firms will want to borrow more in the credit market.