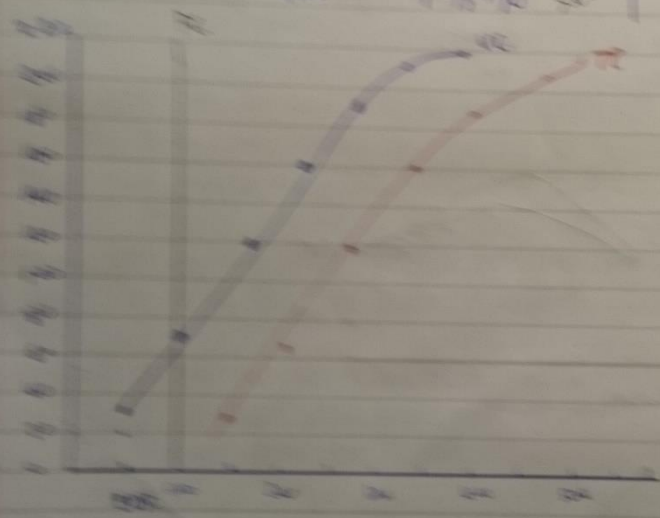


Exam 2

$Q = 100 - 5P$

| Price (\$) | Quantity (Q) | Total Revenue (TR) | Total Cost (TC) | Profit |
|------------|--------------|--------------------|-----------------|--------|
| 1 | 95 | 95 | 10 | 85 |
| 2 | 90 | 180 | 20 | 160 |
| 3 | 85 | 255 | 30 | 225 |
| 4 | 80 | 320 | 40 | 280 |
| 5 | 75 | 375 | 50 | 325 |
| 6 | 70 | 420 | 60 | 360 |
| 7 | 65 | 455 | 70 | 385 |
| 8 | 60 | 480 | 80 | 400 |
| 9 | 55 | 495 | 90 | 405 |
| 10 | 50 | 500 | 100 | 400 |

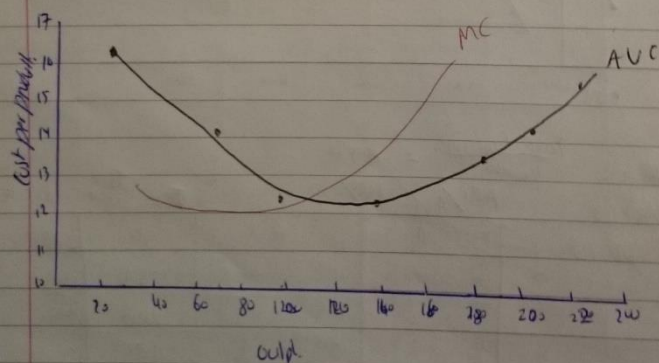
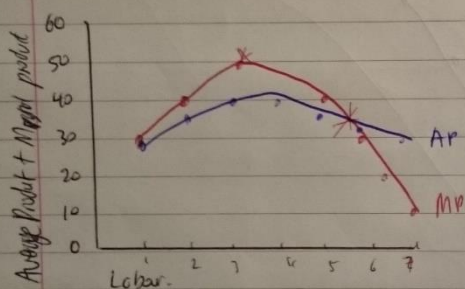


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| 11. | AP | MP | AVC | MC | |
|-----------------|--------|------------|-----|----------|----------------------|
| | | AP | MP | AVC | MC |
| Average product | Labour | 1 30 30 | 30 | 40 16.66 | 16.66 $40/24 = 3.75$ |
| | | 2 70 35 | 40 | 14.28 | 14.28 $60/40 = 1.5$ |
| | | 3 120 40 | 50 | 12.5 | 12.5 $40/20 = 2$ |
| | | 4 160 40 | 40 | 12.5 | 12.5 $30/30 = 1$ |
| | | 5 190 38 | 30 | 13.15 | 13.15 $20/30 = 1.75$ |
| | | 6 20 35 | 20 | 14.28 | 14.28 $10/40 = 0.4$ |
| | | 7 220 31.4 | 10 | 15.90 | 15.90 |

$$AVC = \frac{\text{output}}{VC}$$



MP increasing \Rightarrow marginal cost decreasing

AVC increasing \Rightarrow AP decreasing