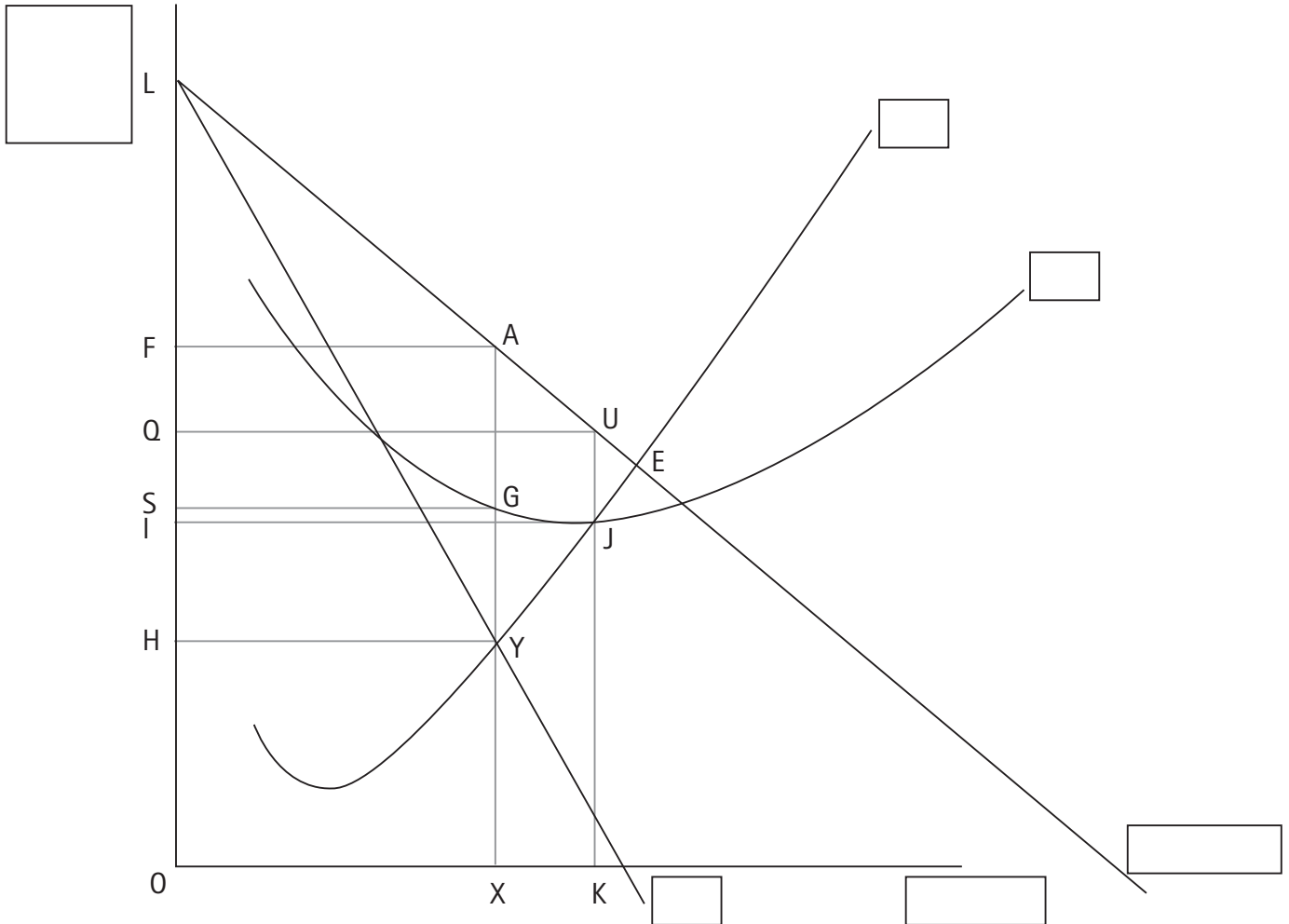




# eLearneconomics: Imperfect Competition – MR = MC (1)

Student response \_\_\_\_\_

Use the diagram to answer the questions below.



(a) Label the curves and axes, use the small boxes provided. Label the equilibrium price and quantity as  $P_M$  and  $Q_M$  respectively.

(b) Give letters to represent the following at the maximum profit position.

Price: \_\_\_\_\_

Output: \_\_\_\_\_

Average cost \_\_\_\_\_

Total revenue \_\_\_\_\_

Total cost \_\_\_\_\_

Profit \_\_\_\_\_

(c) What made you choose the maximum profit position?

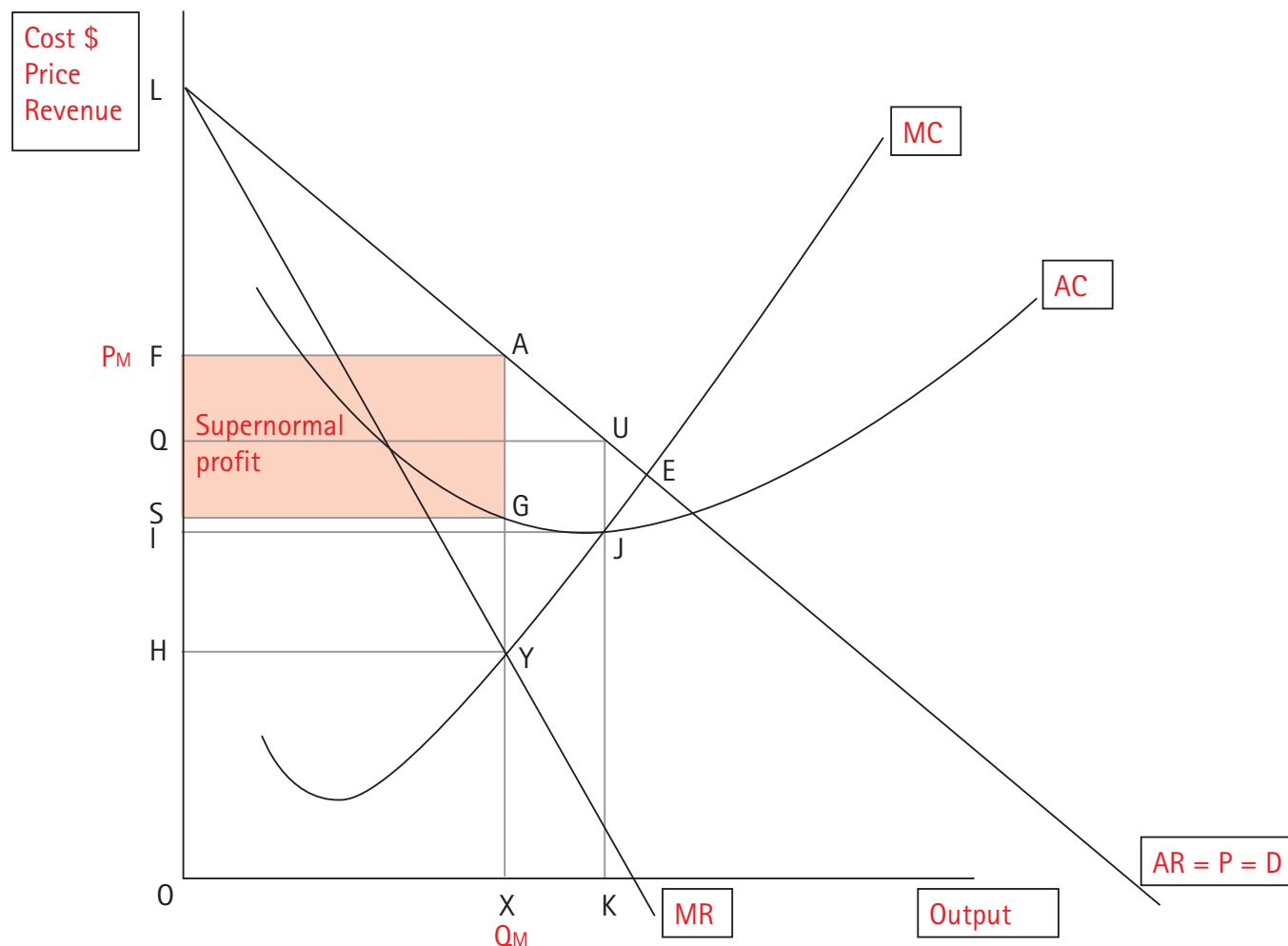
(d) Shade and label the area of profit made.

# eLearneconomics: Imperfect Competition – MR = MC (1a)



## Solution

Use the diagram to answer the questions below.



(a) Label the curves and axes, use the small boxes provided. Label the equilibrium price and quantity as  $P_M$  and  $Q_M$  respectively.

(b) Give letters to represent the following at the maximum profit position.

Price: OF

Output: OX

Average cost OS

Total revenue FAXO (OXAF)

Total cost SGXO (XOSG)

Profit FAGS (AFSG)

Note: letters can be in any order but must give the area correctly.

(c) What made you choose the maximum profit position?

MR = MC; any other position is a smaller profit.

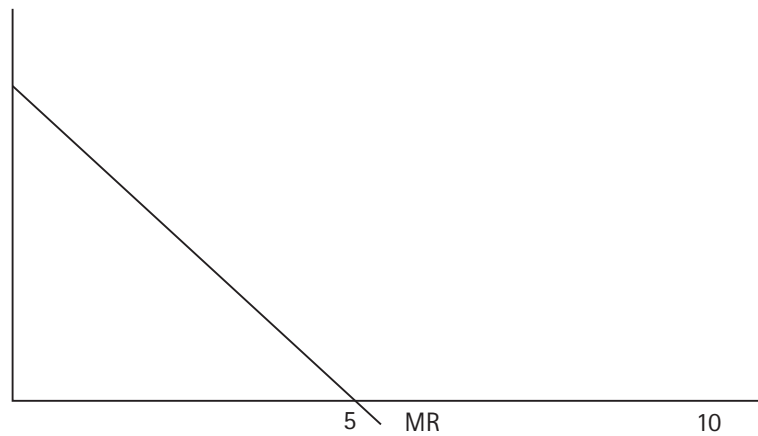
(d) Shade and label the area of profit made.



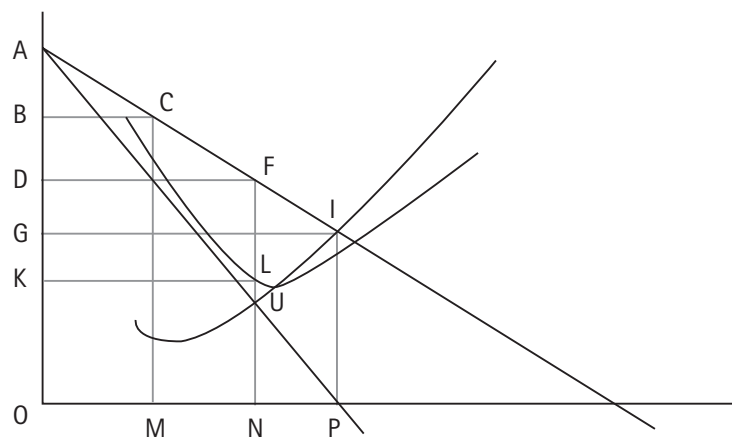
# eLearneconomics: Imperfect Competition – MR = MC (2)

Student response \_\_\_\_\_

- (a) Draw an imperfect competitor making supernormal profits in the diagram shown. Label the axes fully and then identify the equilibrium output as Q and price charged as P. Shade in the area of profit.



- (b) Use the diagram below to answer the questions that follow.



- (i) Label the curves and axes.
- (ii) Shade in the profit made.
- (iii) Give letters to identify the following at the profit maximising position.

Output \_\_\_\_\_

TR \_\_\_\_\_

Price \_\_\_\_\_

TC \_\_\_\_\_

AR \_\_\_\_\_

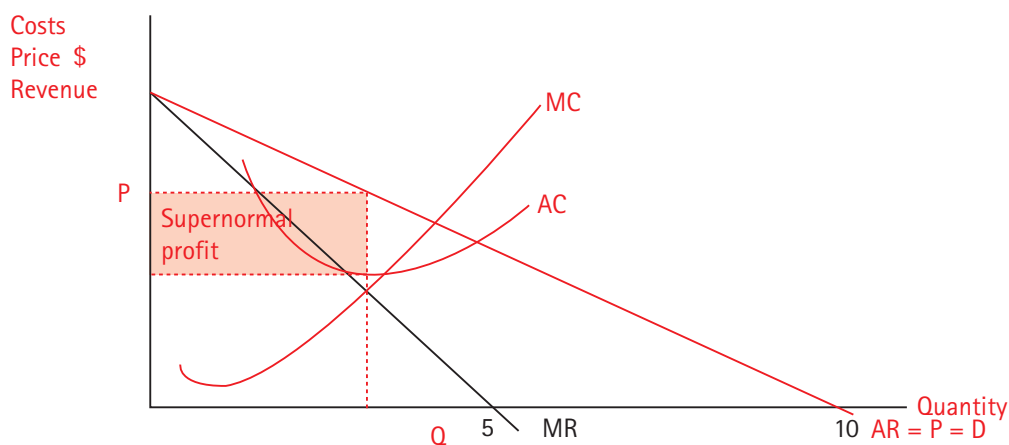
Profit \_\_\_\_\_

# eLearneconomics: Imperfect Competition – MR = MC (2a)

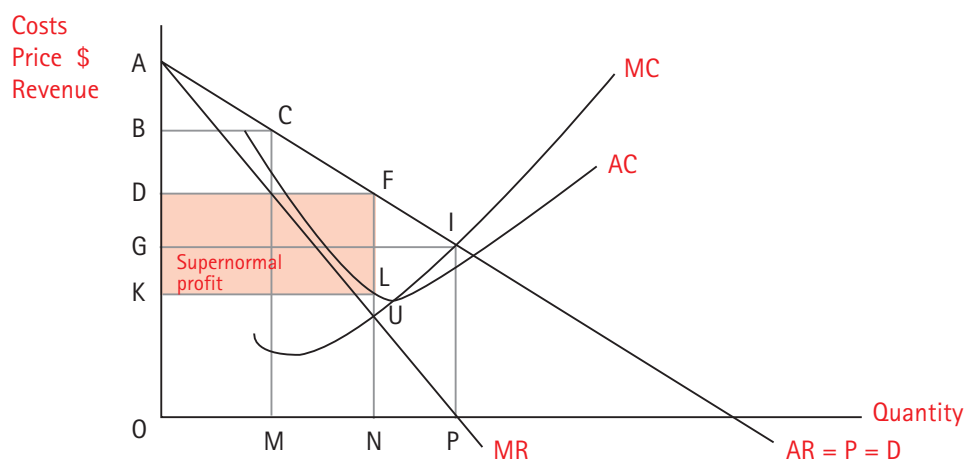


## Solution

- (a) Draw an imperfect competitor making supernormal profits in the diagram shown. Label the axes fully and then identify the equilibrium output as Q and price charged as P. Shade in the area of profit.



- (b) Use the diagram below to answer the questions that follow.



- (i) Label the curves and axes.  
 (ii) Shade in the profit made.  
 (iii) Give letters to identify the following at the profit maximising position.

Output ON

TR DONF

Price OD

TC KONL

AR OD

Profit DKLF