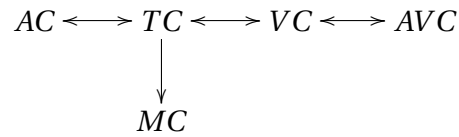


Cost Relationships

Here's a diagram of the different cost functions and how they're related. The arrow from TC to VC , for instance, means that if you have the formula for TC , you can find the formula for VC .



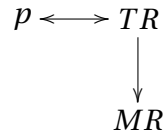
If you have the formula for...	and want to find...	its formula is...
AC	TC	$TC(q) =$
TC	AC	$AC(q) = TC(q) / q$
TC	MC	$MC(q) =$
TC	VC	$VC(q) =$
VC	TC	$TC(q) =$
VC	AVC	$AVC(q) =$
AVC	VC	$VC(q) =$

Multi-step questions

1. If you have the AC formula, how could you find a formula for MC ?
2. If you have the AVC formula, how could you find a formula for AC ?

Revenue Relationships

Handling revenue is a little simpler. Here's a diagram of the revenue functions and how they're related.



If you have the formula for... and want to find... its formula is...

p	TR	$TR(q) =$
TR	p	$p(q) =$
TR	MR	$MR(q) =$

Breakeven price and shutdown price

Breakeven price is:

- The lowest *value* of $AC(q)$.
Example: if $AC(q) = q^2 - 4q + 6$, what is BEP?
- The value of AC at the point where $AC(q) = MC(q)$.
Example: if $AC(q) = q^2 - 2q + 2$ and $MC(q) = 3q^2 - 4q + 2$, what is BEP?

Shutdown price is like breakeven price, but with AVC instead of AC .