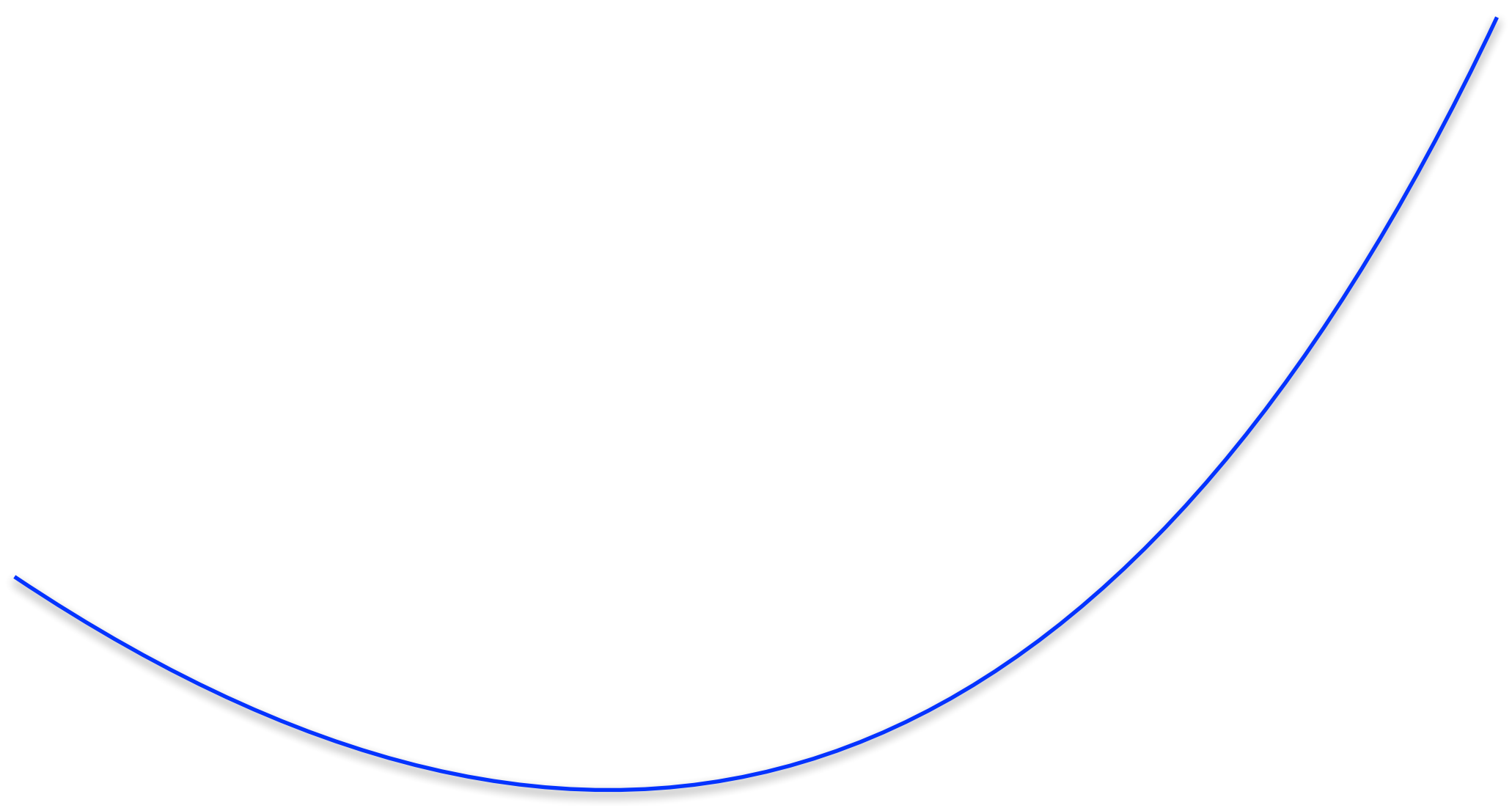


MR

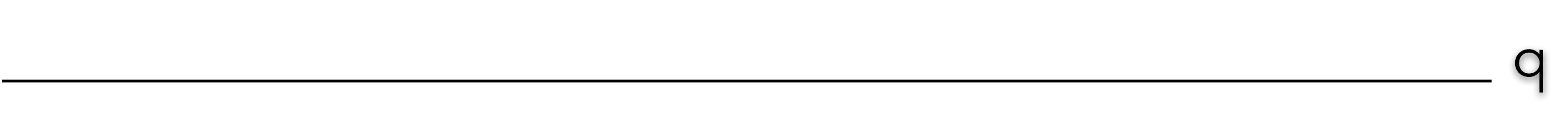
MC

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To Maximize
Profit, the firm
must produce

$$q_0$$

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[REDACTED]

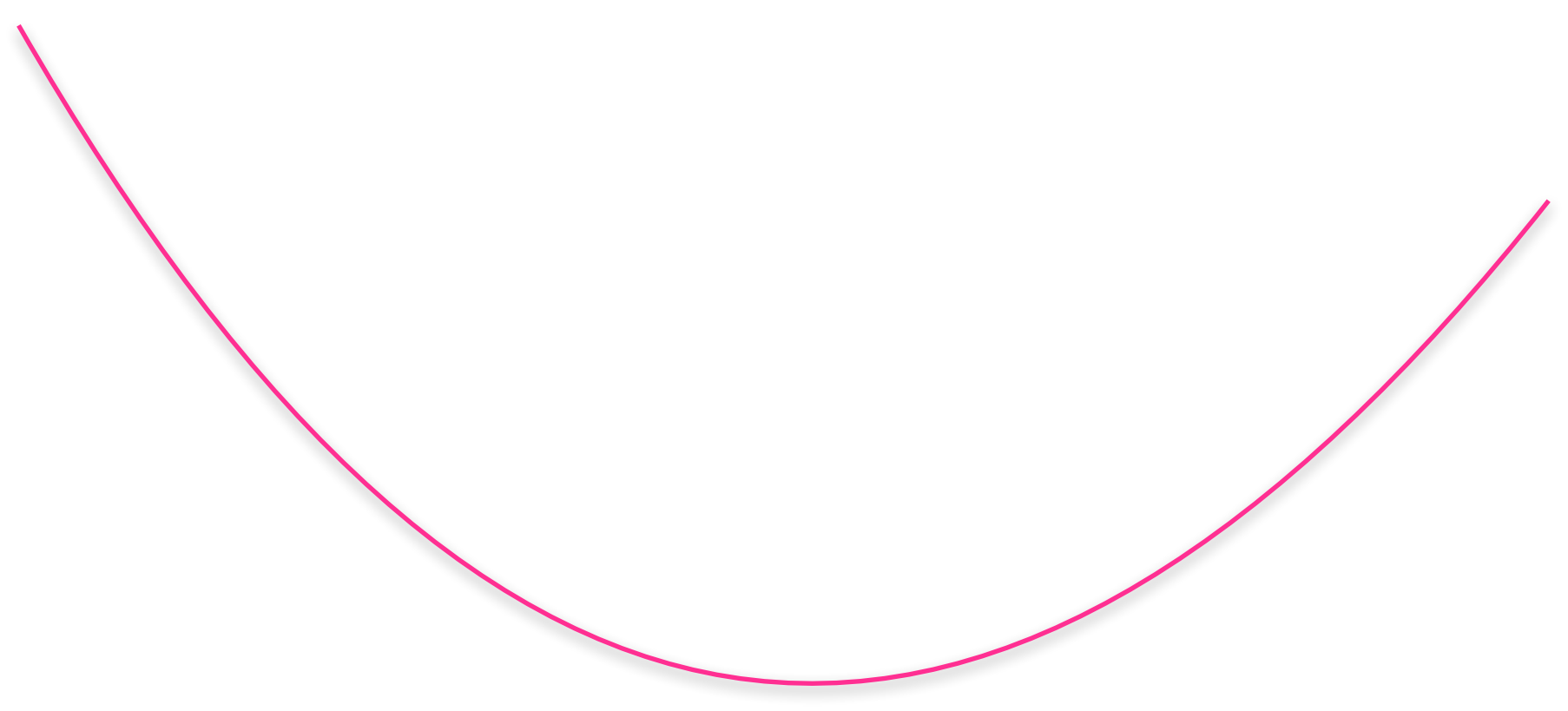
[REDACTED]

M

R

90





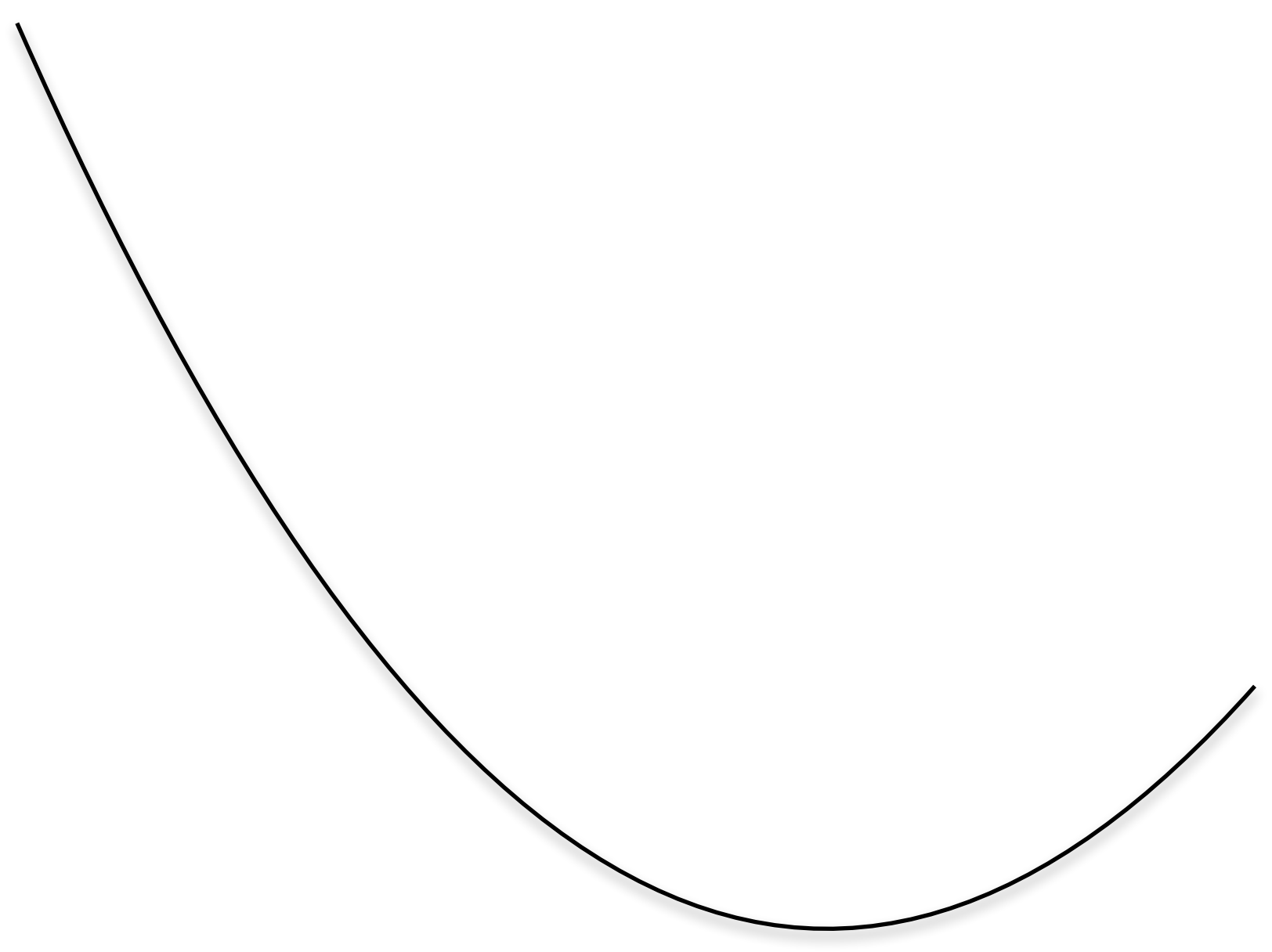
AVC

ATC

$$AVC \times q_0 = VC$$

$$ATC \times q_0 = TC$$

$$AFC \times q_0 = FC$$



$$| \text{AFC} = \text{ATC} - \text{AVC}$$

AVC



ATC-----

$$\text{Price} \times q_0 = \text{TR}$$



If the **Price** $>$ ATC
the firm will make
a **Profit**



$$\text{Profit} = \text{TR} - \text{TC}$$

Calculating Total Profit

TR > TC

P, MC, MR, ATC, AVC

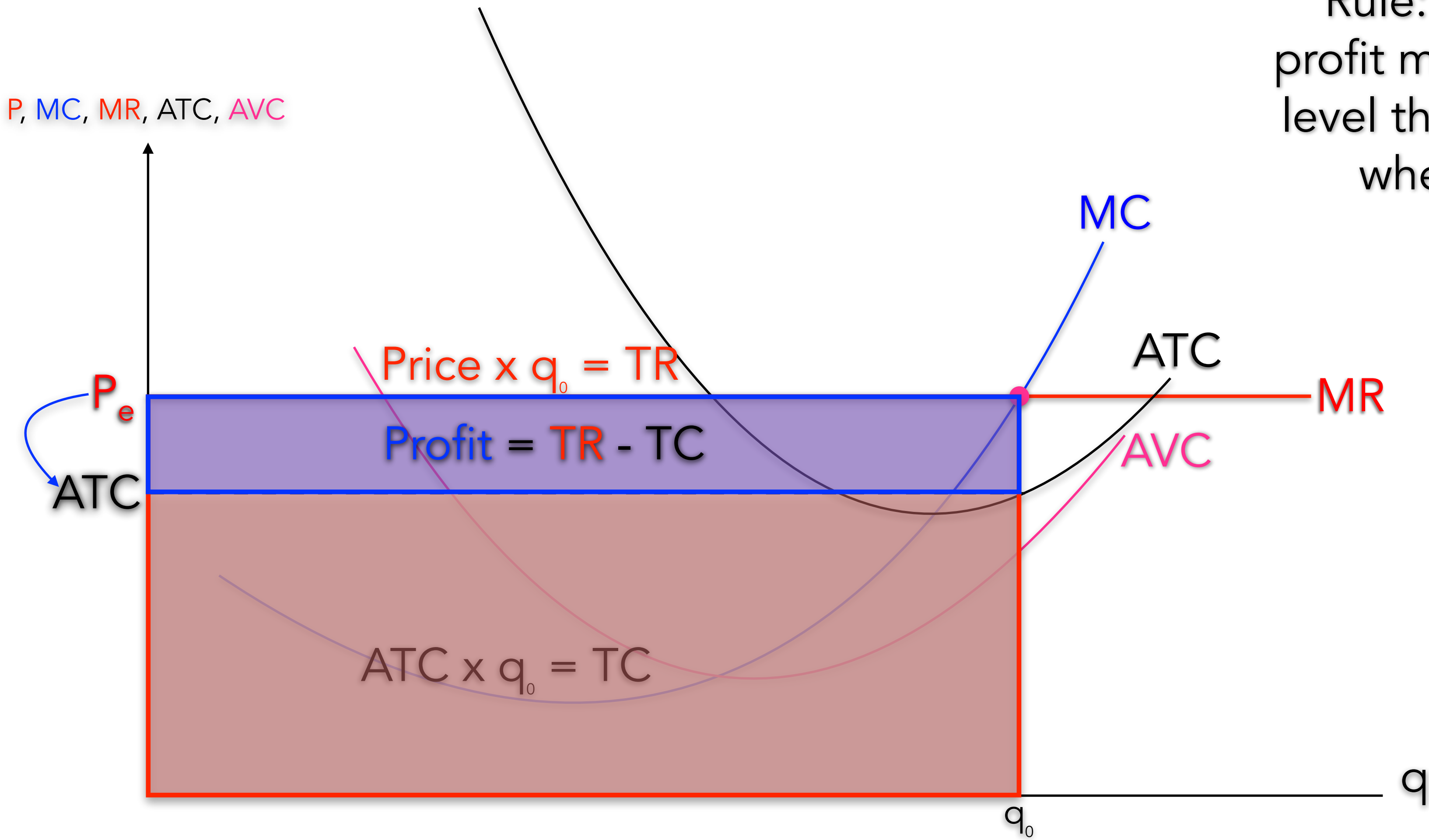
Rule: To choose the profit maximizing output level the firm chooses q where $MC = MR$

Calculating Total Profit

Rule: To choose the profit maximizing output level the firm chooses q where $MC = MR$

If the Price > ATC the firm will make a Profit

$TR > TC$



To Maximize Profit, the firm must produce q_0

