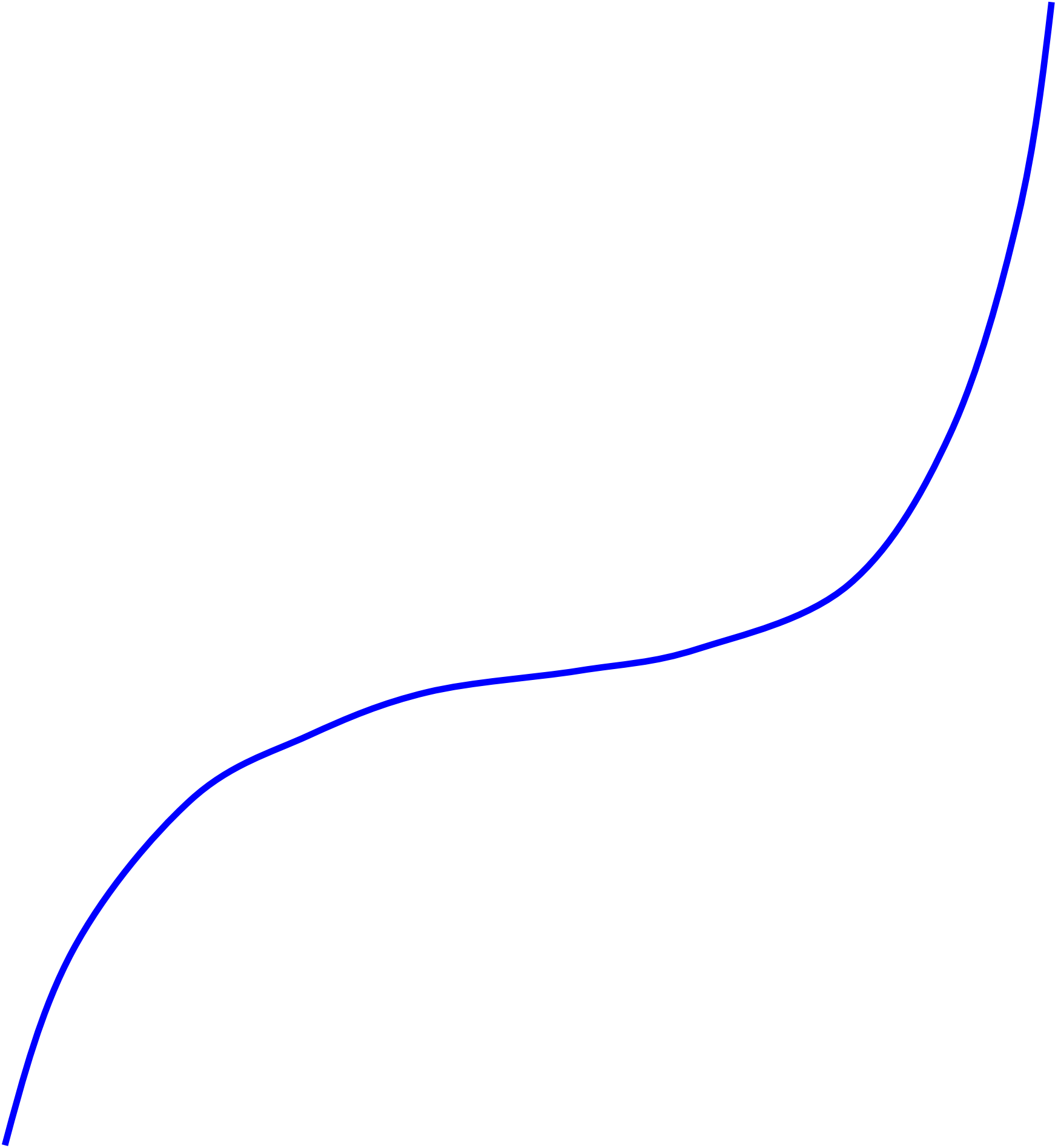
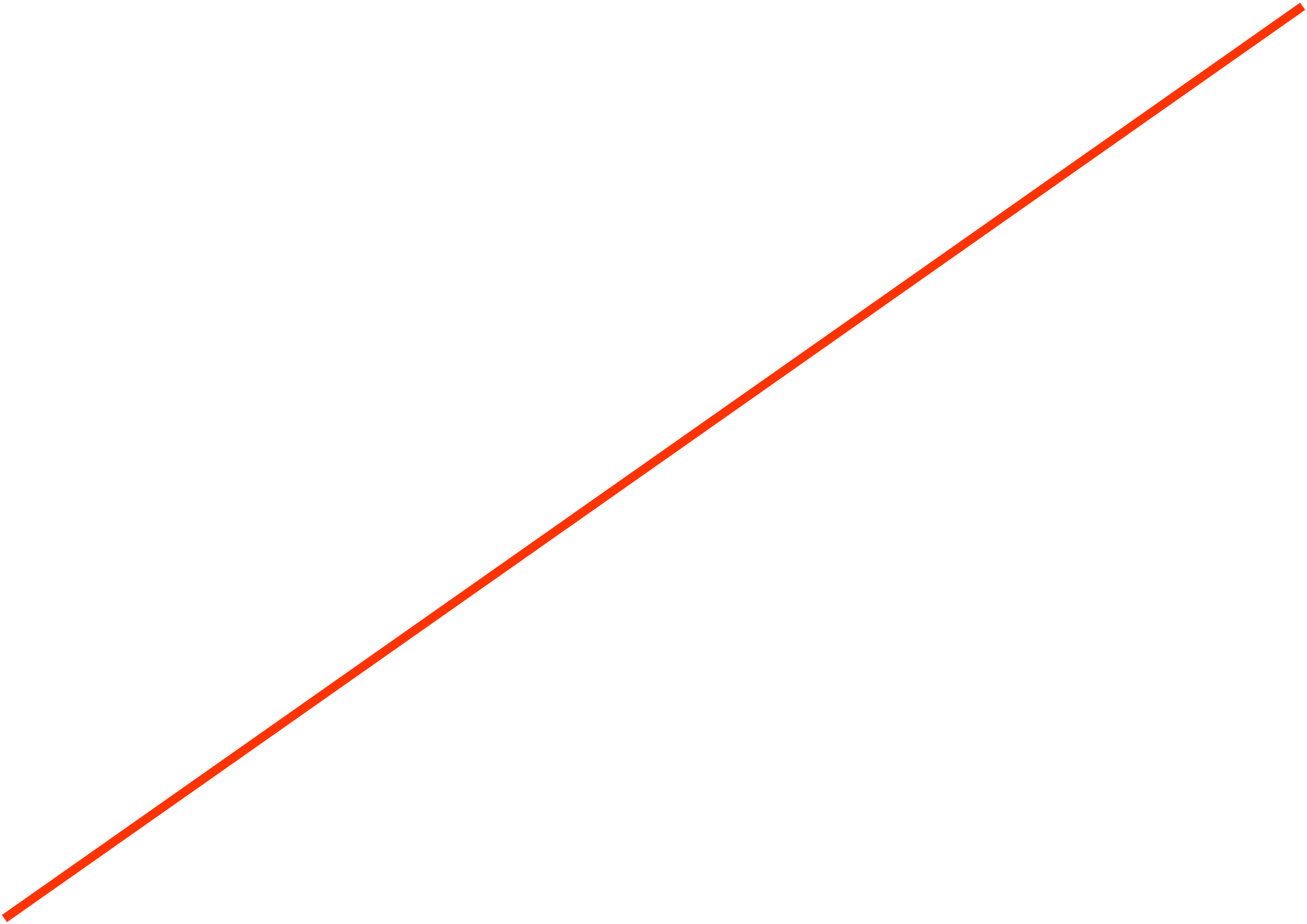
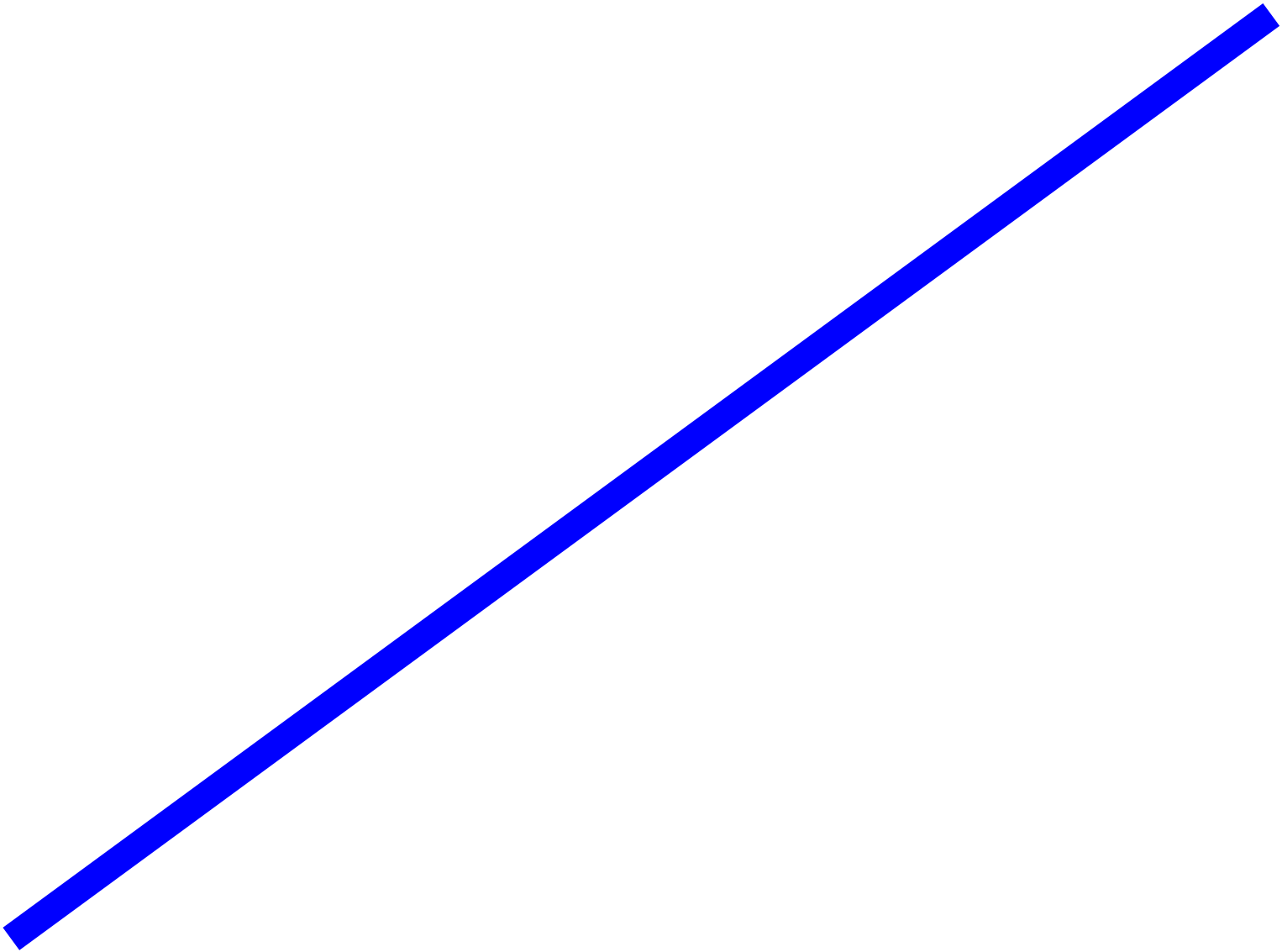
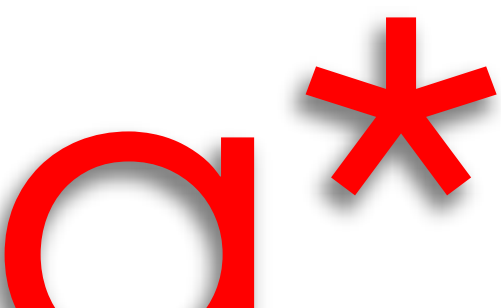






TR

TC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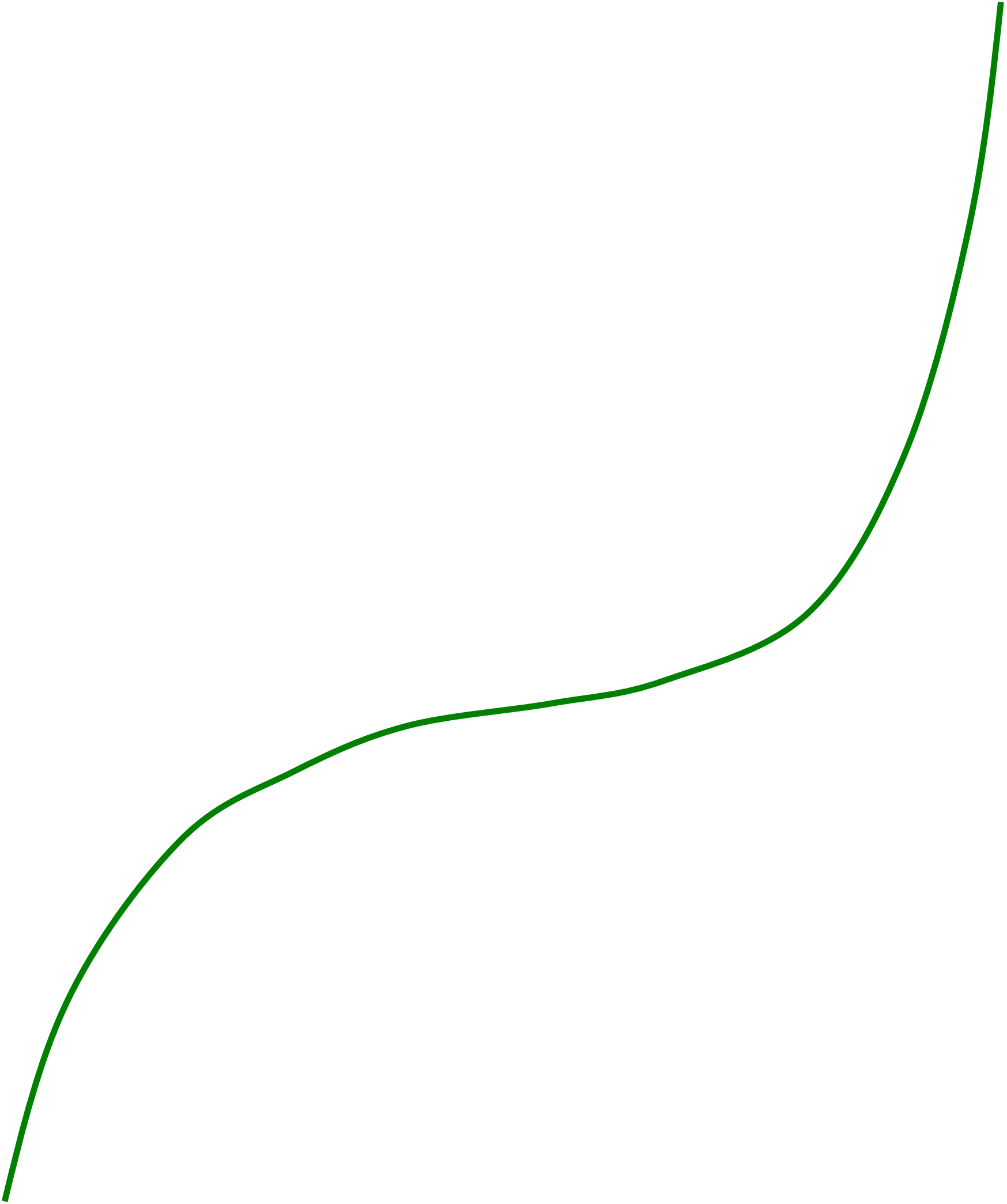
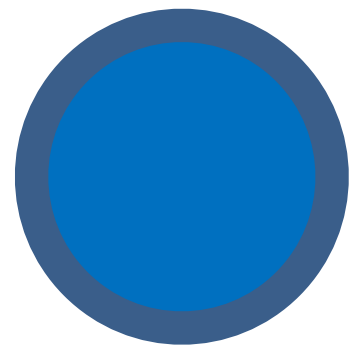
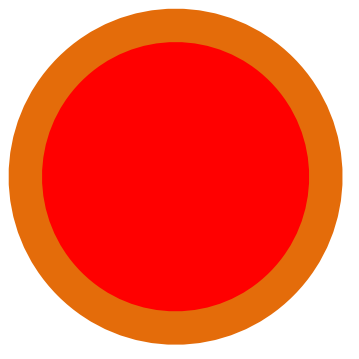
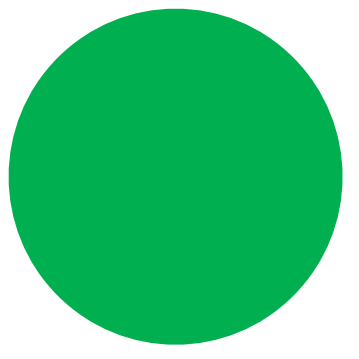


VC

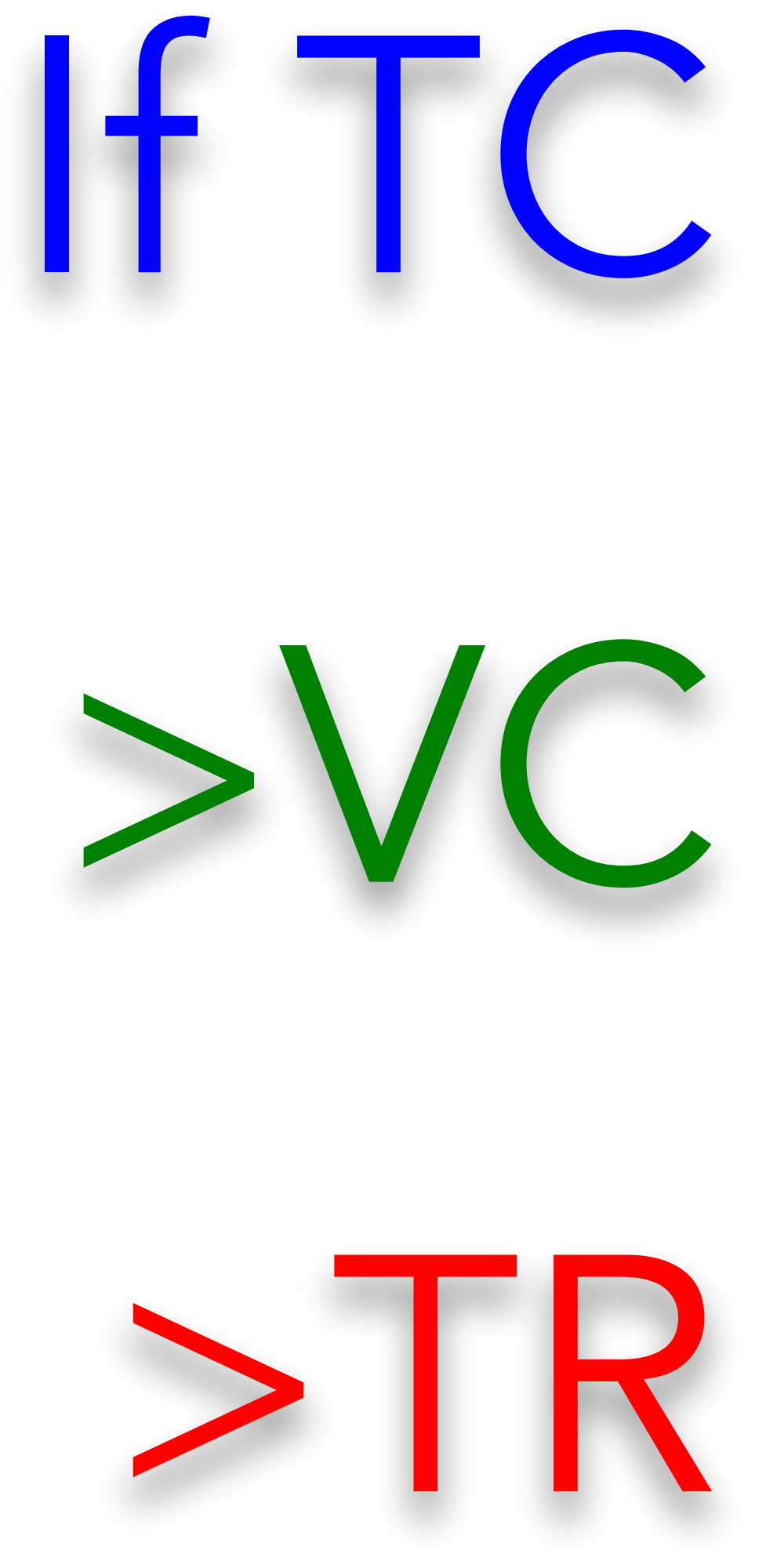
FC







TC
VC
TR


If TC
>VC
>TR

Loss greater than FC

The firm incurs a loss and should shut down in the short run

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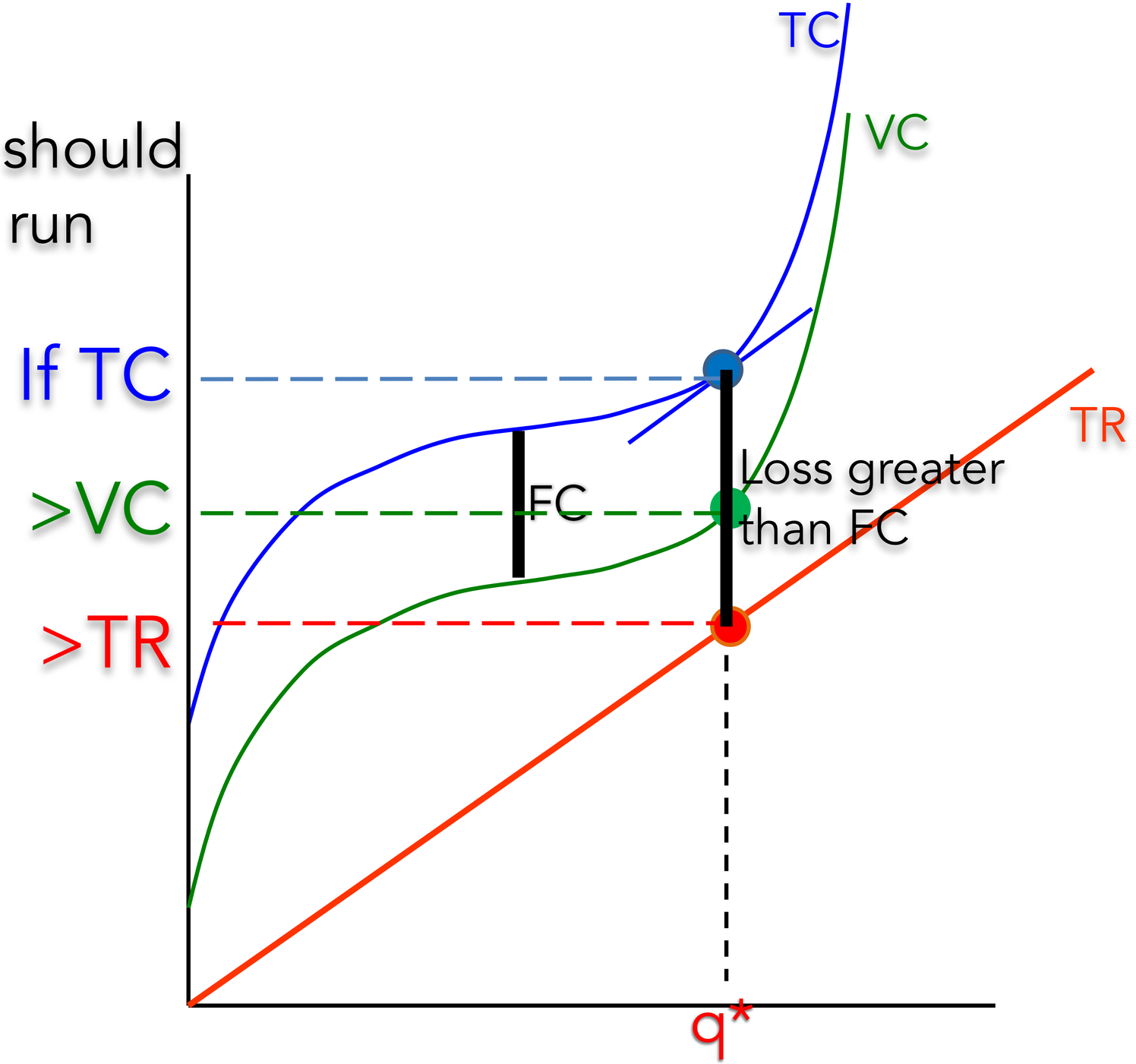

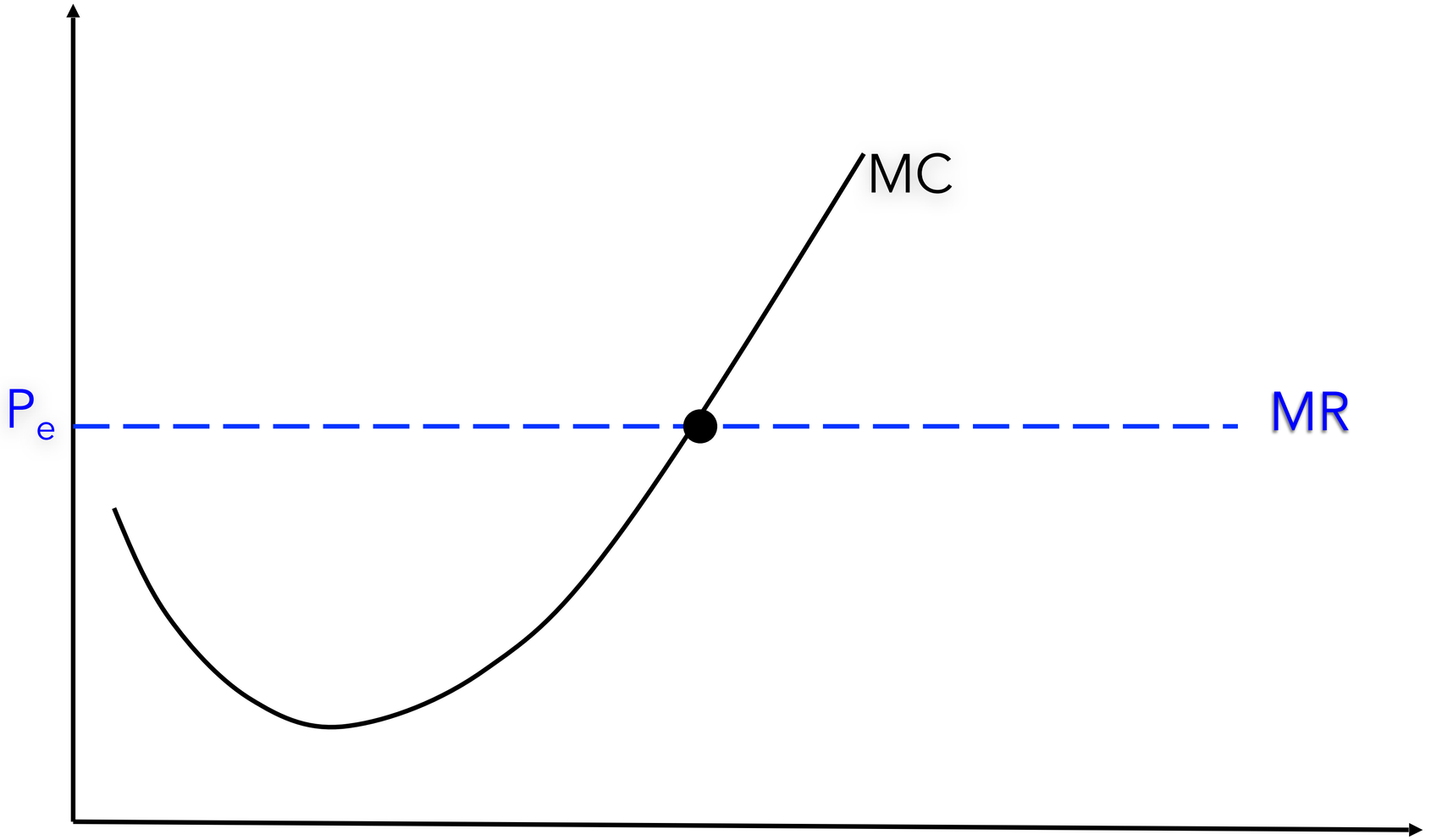
MC
P_e
MR