











$P_e = \$5$









2

3

4

5

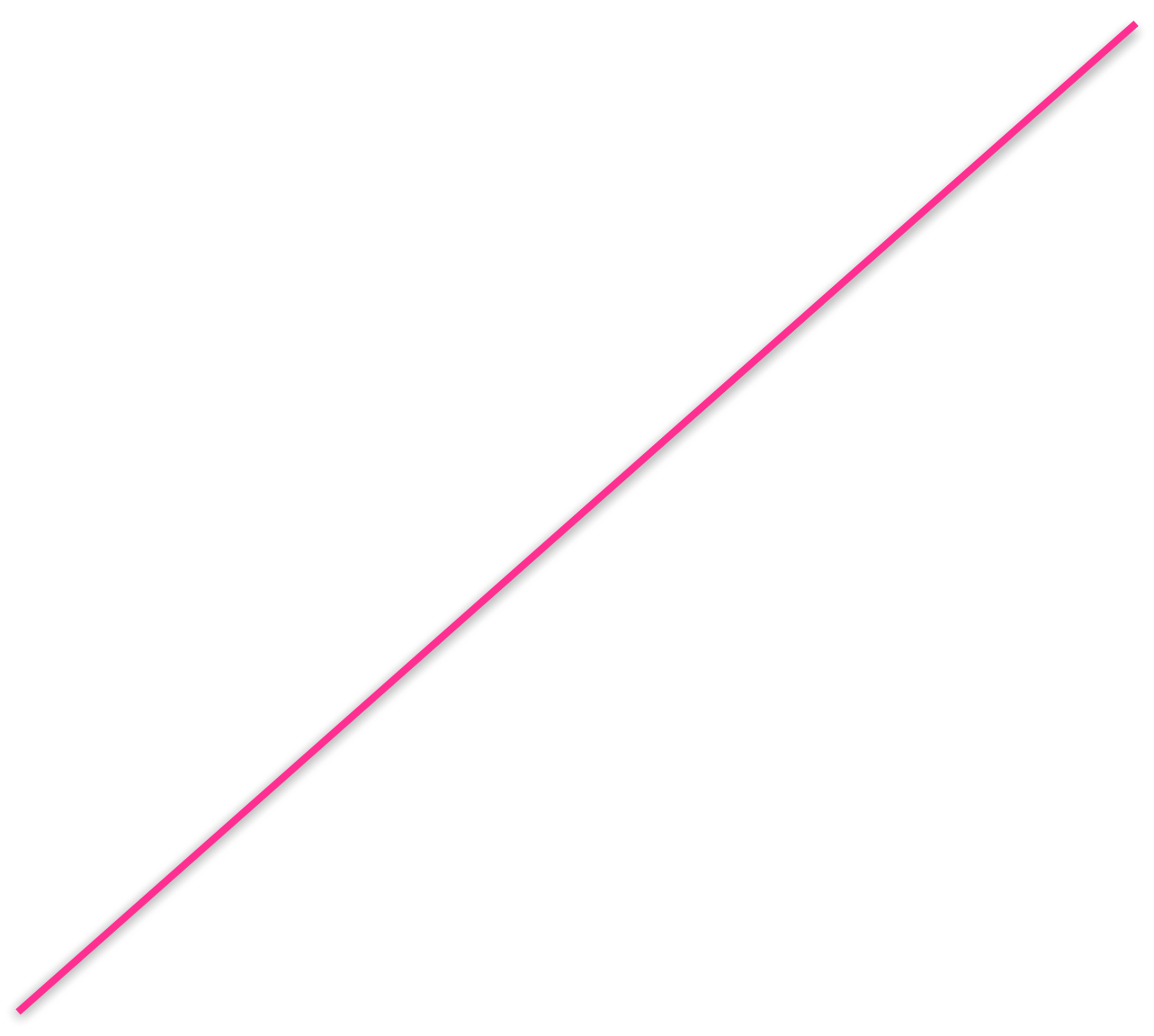


P

TR







TR

















2

3

4

5

















5

10

15

20



25

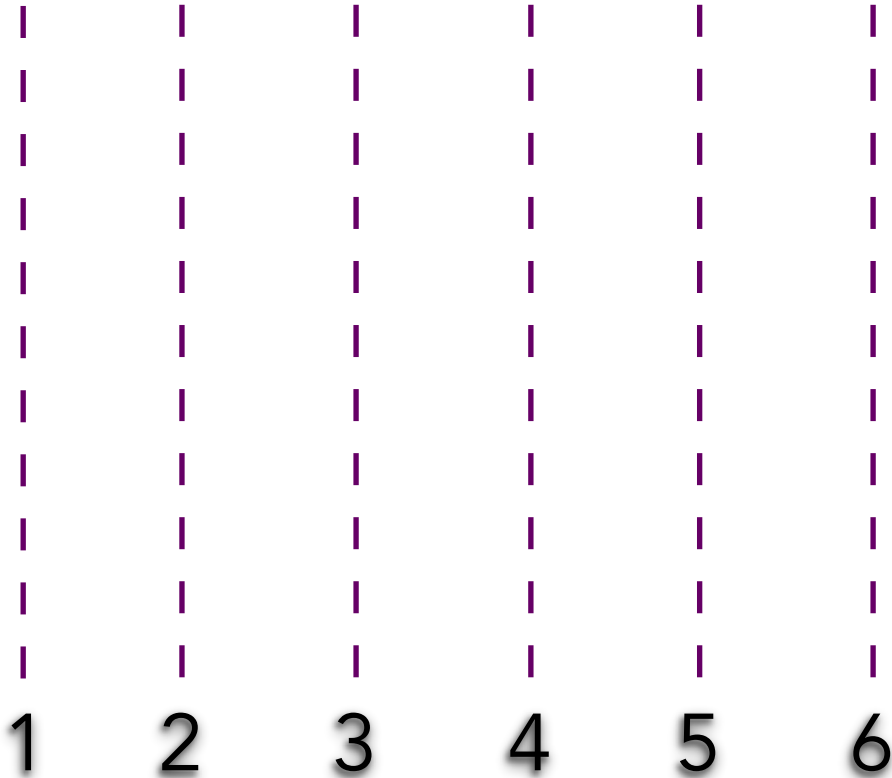
30





MR

**MRR = \$5**



1

2

3

4

5

6

MR



$$\text{Marginal Revenue MR} = \frac{\Delta TR}{\Delta Q}$$

The firm can sell any amount  
at the market price

MR = Price

How much additional revenue does the firm get from selling each additional unit?

$P_e$

$=$

\$5

S







p

e







T

R





M

R



P











1. **Identify the main components of the system.**

2. **Describe the system architecture.**

5

5

5

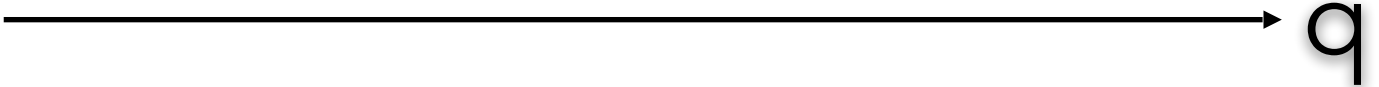
5

5

5

5





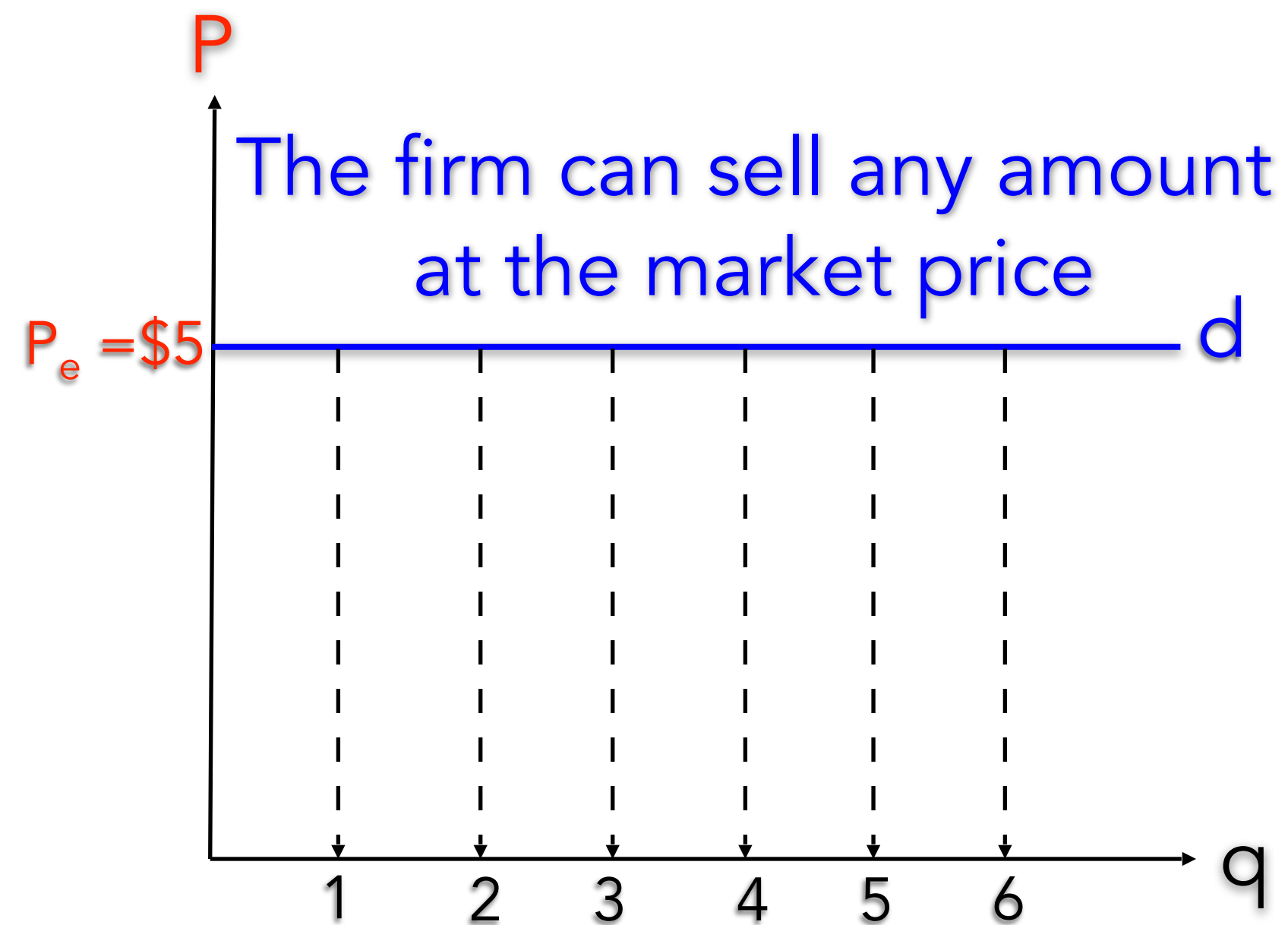




Only for Perfectly  
Competitive firms  
**MR** equals **Price**

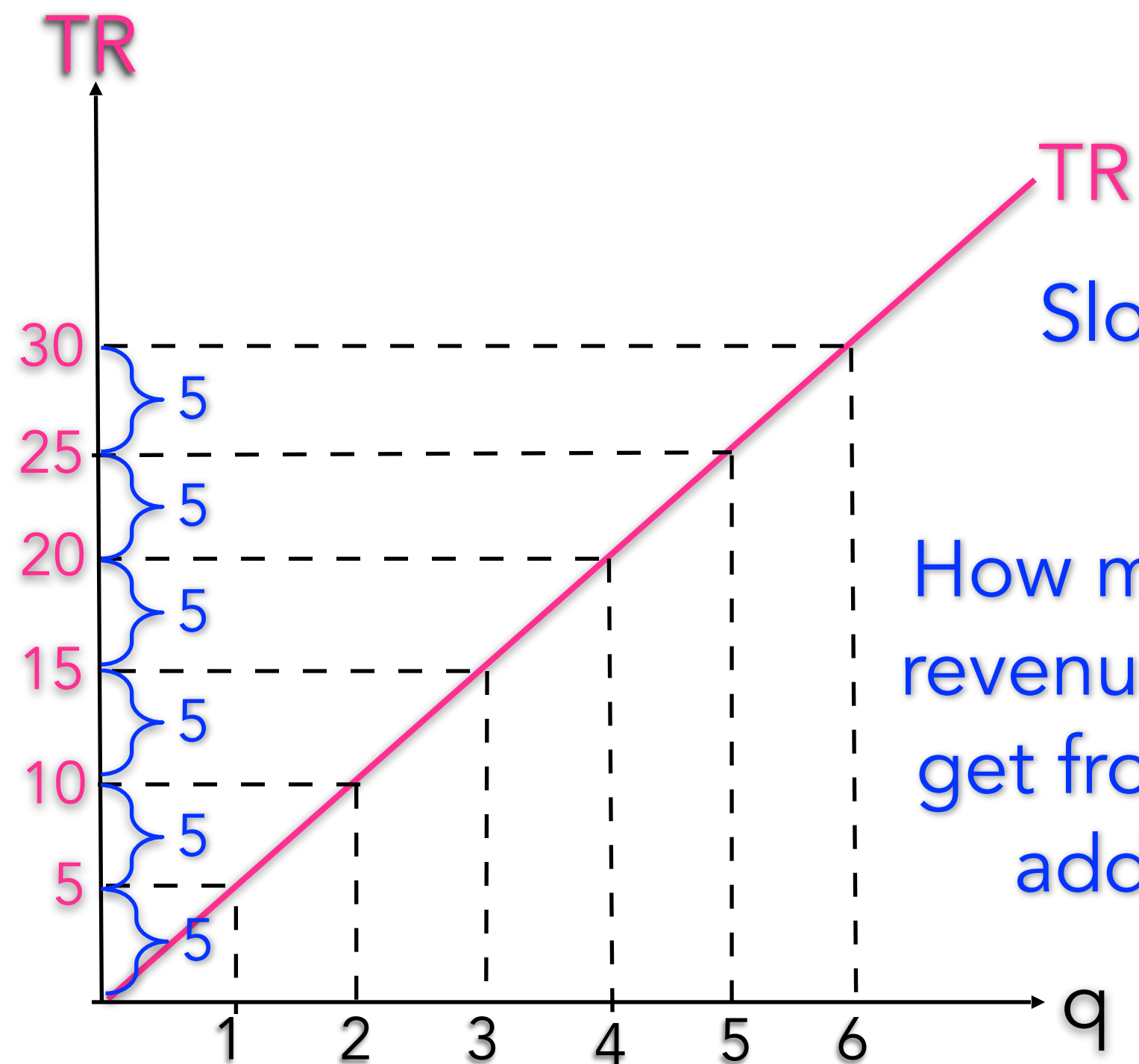
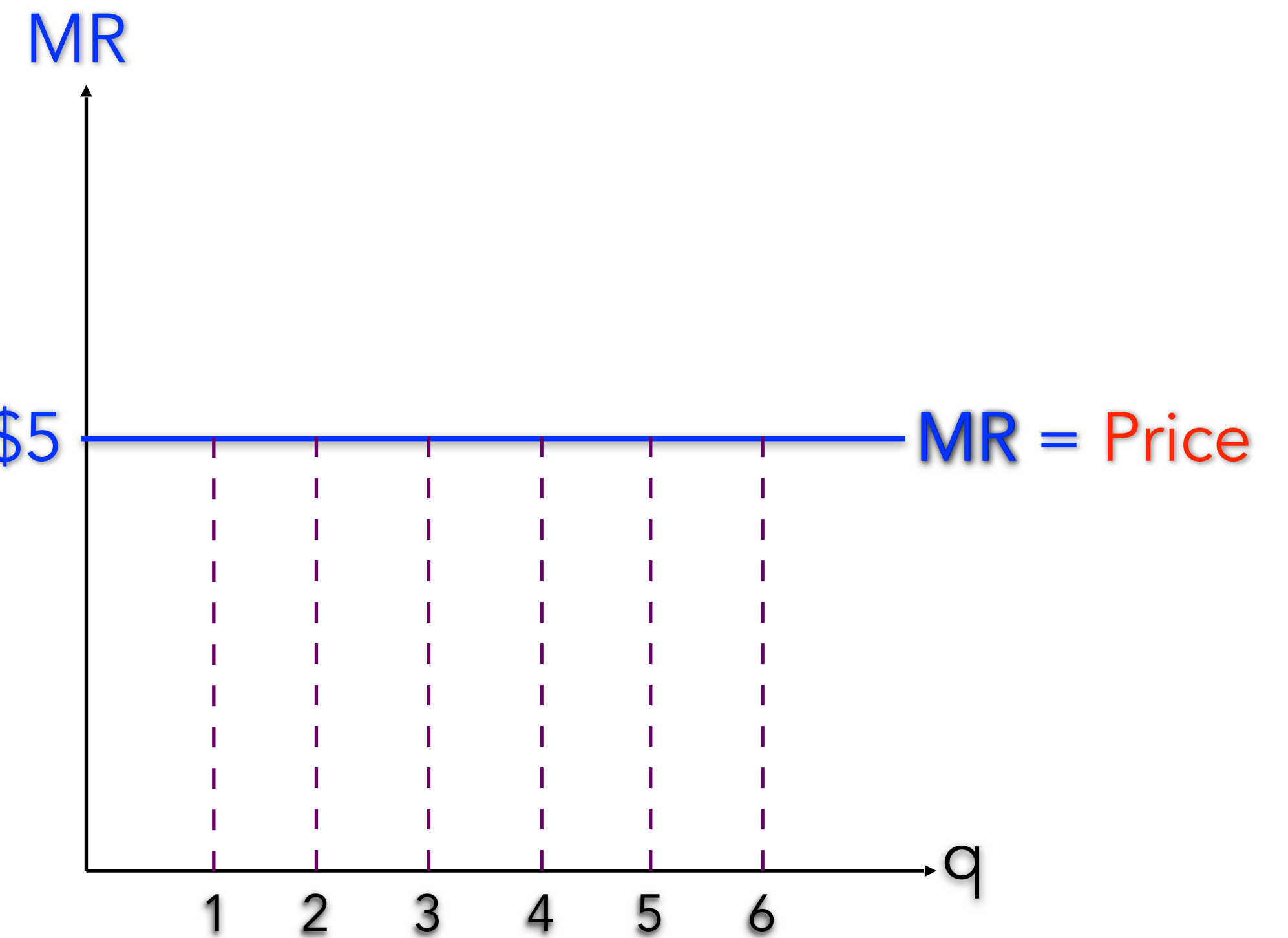
Slope of  $TR = MR = Price = 5$





$P_e = \$5$   $MR = \$5$   $MR = \text{Price}$

Only for Perfectly Competitive firms  
MR equals Price



Slope of  $TR = MR = \text{Price} = 5$

How much additional revenue does the firm get from selling each additional unit?

$$\text{Marginal Revenue } MR = \frac{\Delta TR}{\Delta Q}$$

# Understanding Marginal Cost and Marginal Revenue