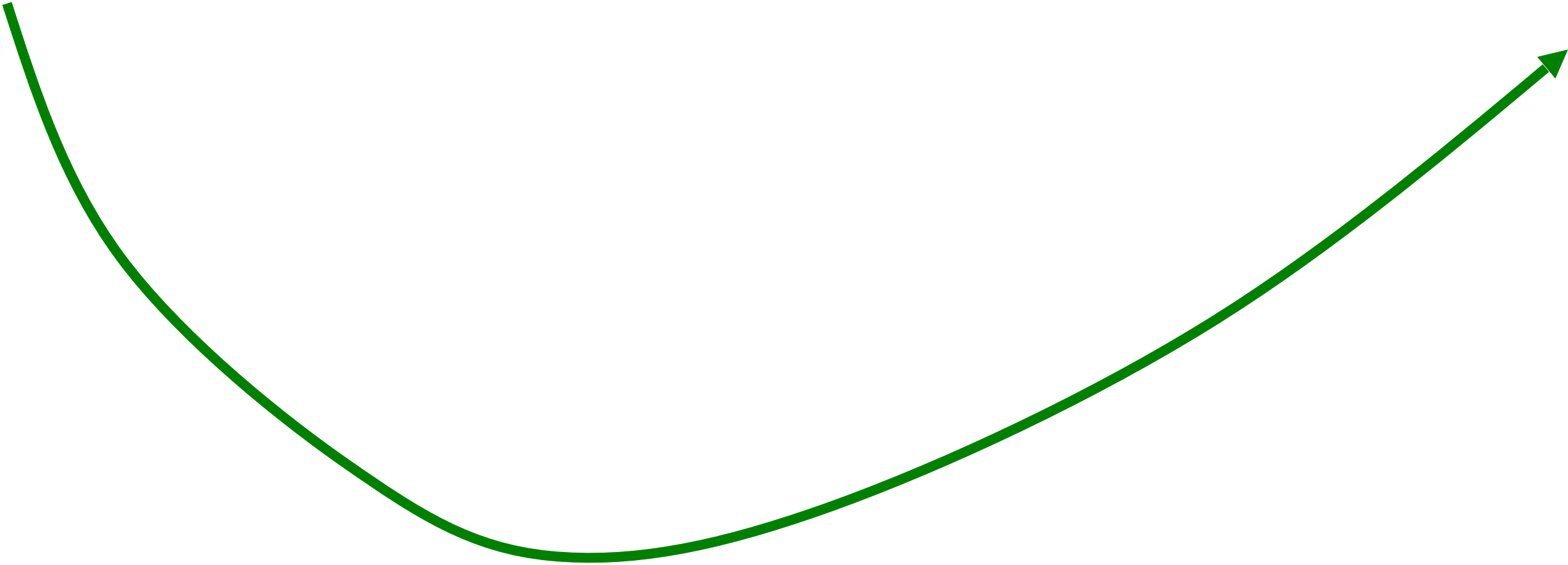


MC







P = M R

ATC

AVC



Q





VC

TC

FC

TR

Short Run: Firm is Indifferent between producing q^* and shutting down



LOSS ==

Revenues cover all
the VC none of the
Fixed Cost

Loss

Loss if the firm produces

q^* is equal Fixed Cost



Loss if the firm shuts
down is equal Fixed Cost

P

AVC = P < ATC



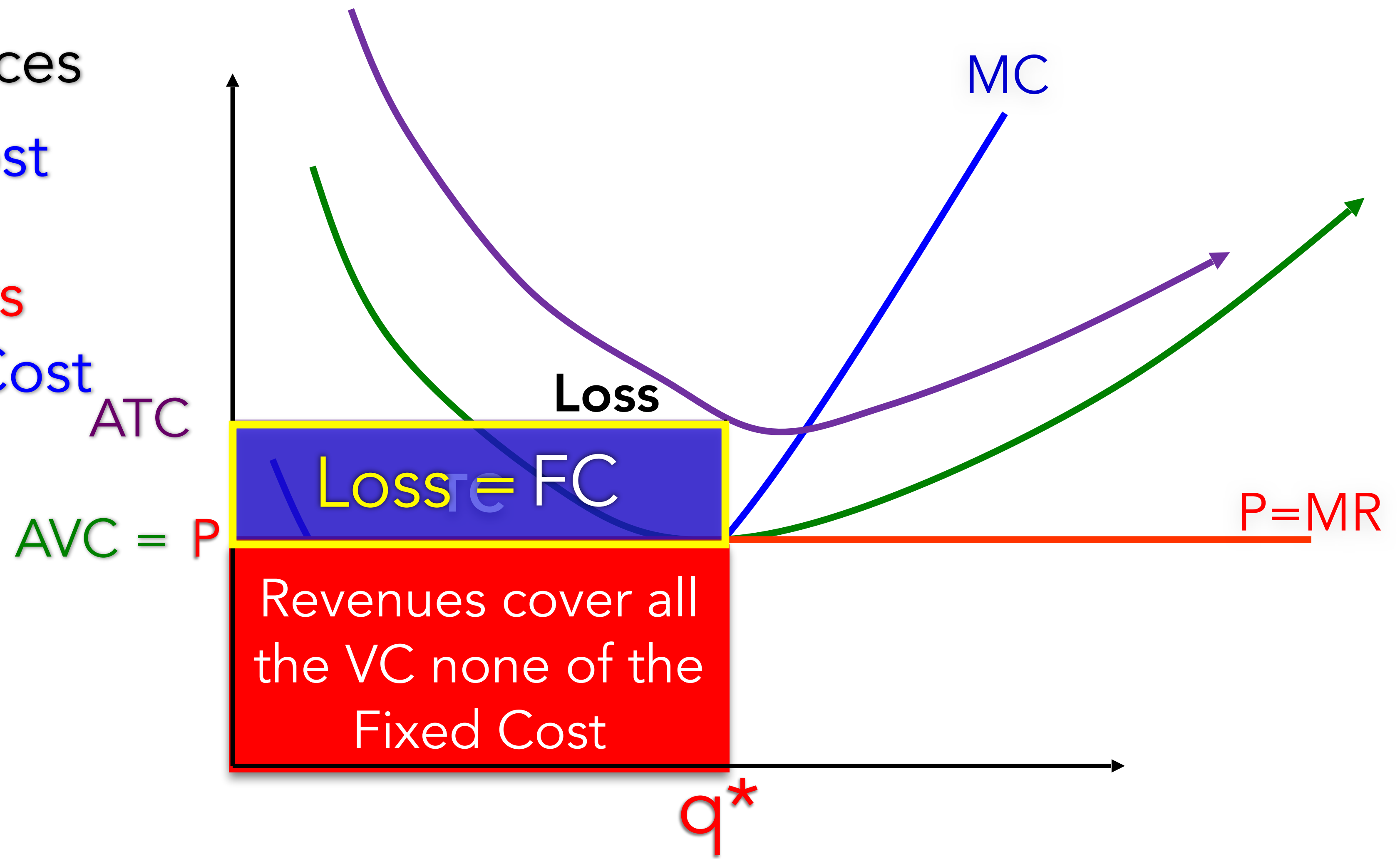


$$AVC = P < ATC$$

Short Run: Firm is Indifferent between producing q^* and shutting down

Loss if the firm produces q^* is equal Fixed Cost

Loss if the firm shuts down is equal Fixed Cost



Loss if the firm **shuts down**
is **equal** to the **Fixed Cost**

