

MC

AVC



ATC

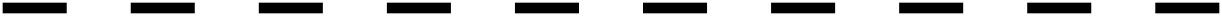


P = MMR

P



q *

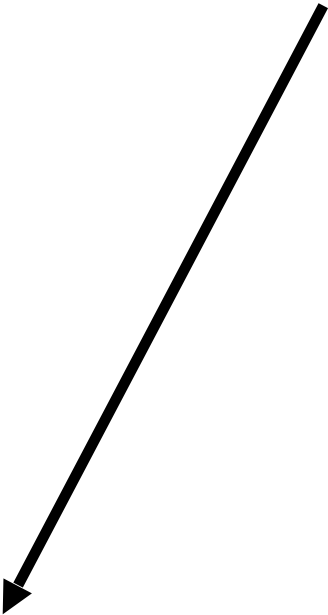


AVC





ATC



TCC larger than TR

If Price $<$ ATC Loss





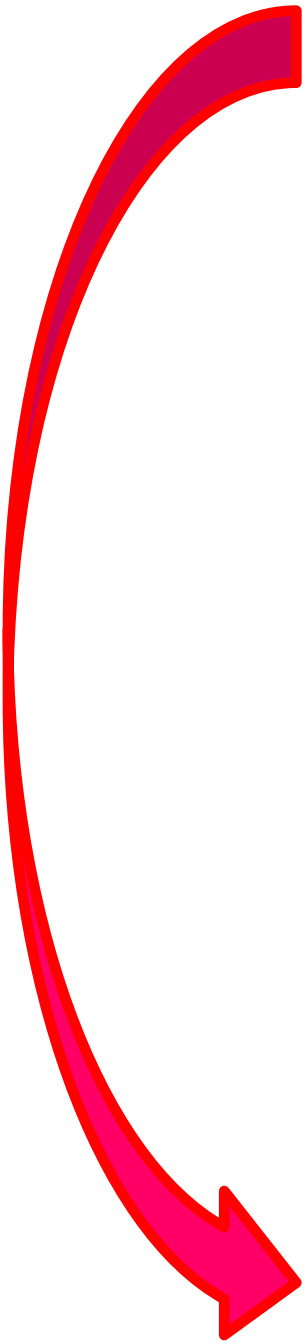
VC

TC

TR

Loss





Perfectly Competitive firms choose output where $MC = MR$





If Price < ATC  Loss

