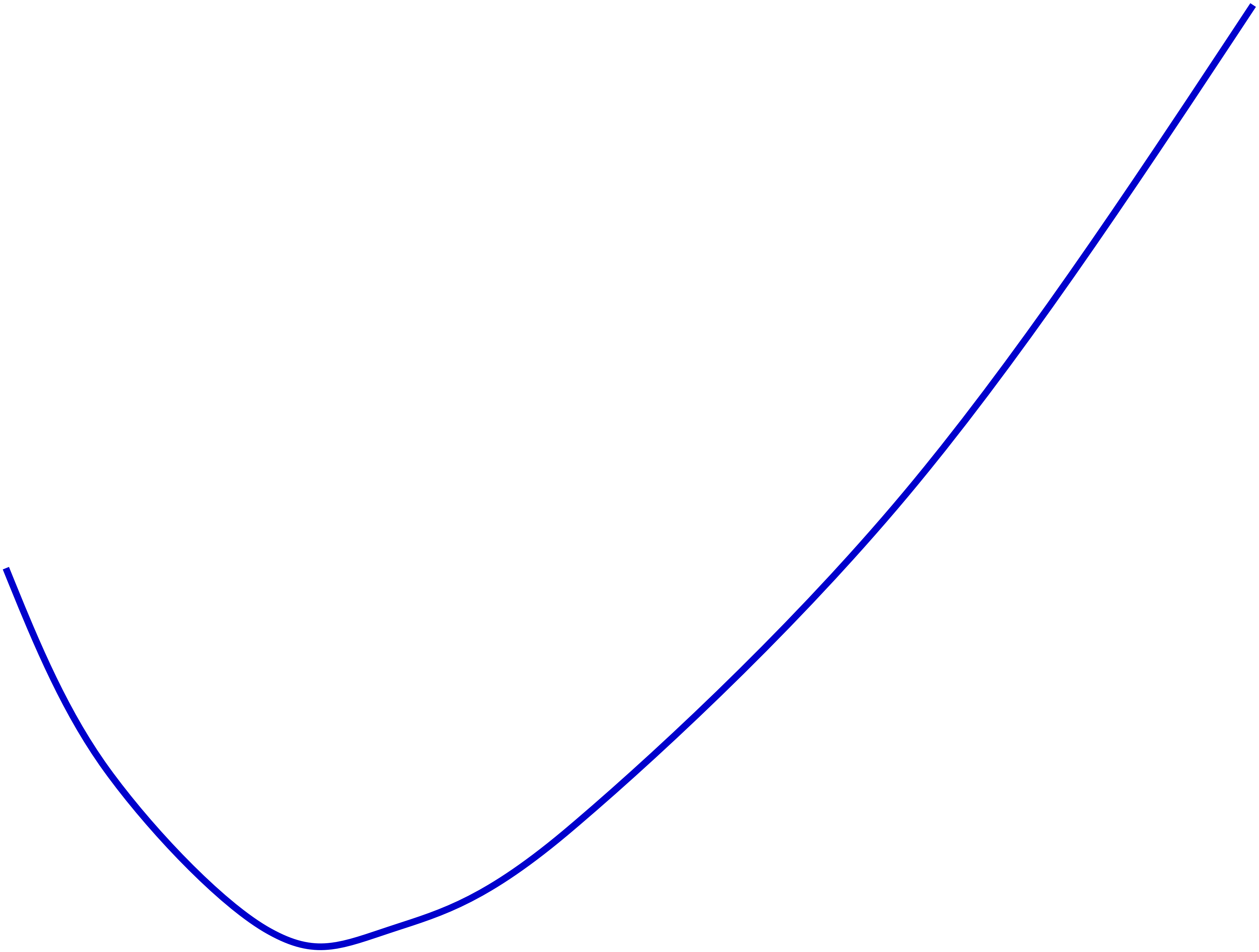
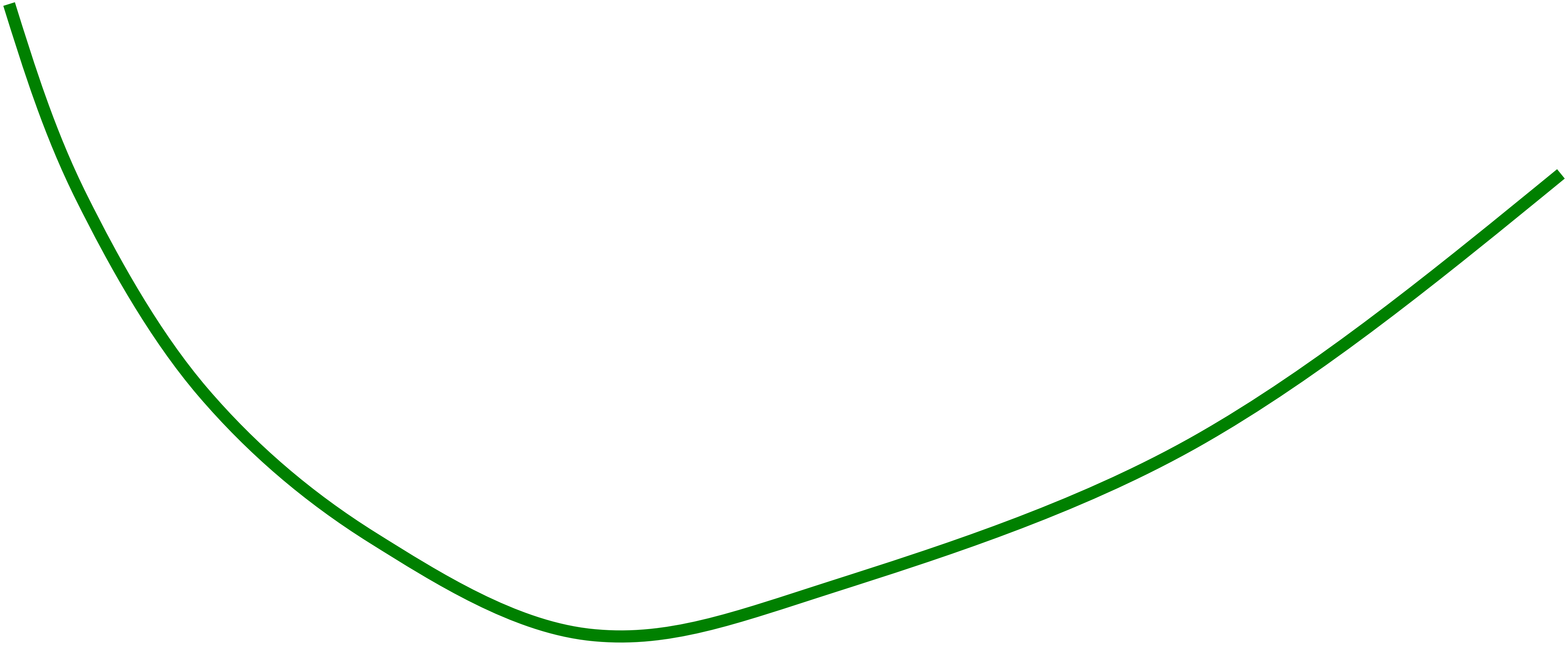




MC

AVC

ATC

$$P = MR$$

P

q*

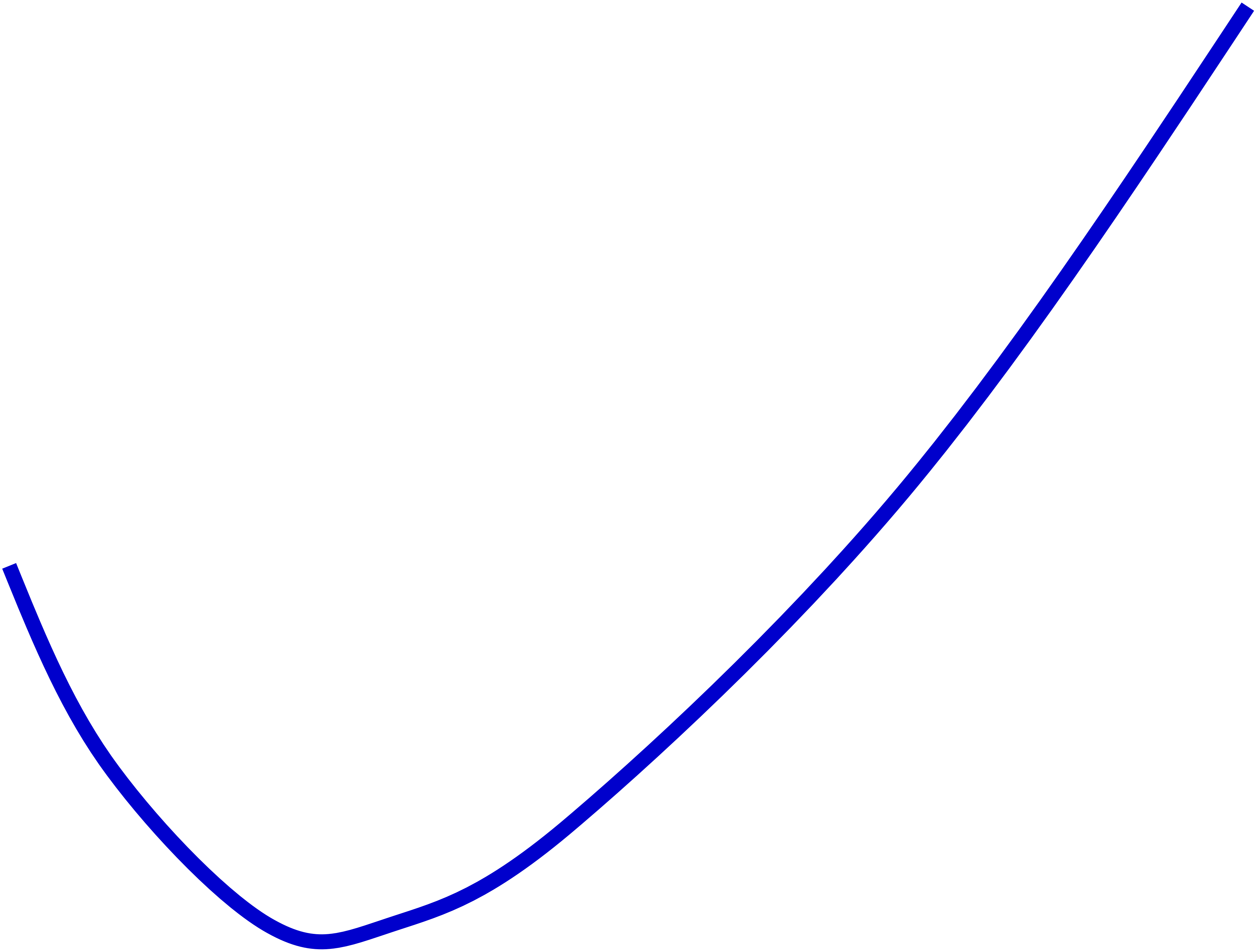
AVC

ATC

FC

LOSS < FC

Short Run: The firm should produce q* to minimize the loss



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

VC

TR

Revenues cover
all VC and
some of FC

Loss if the firm produces q^* is smaller than the Fixed Cost

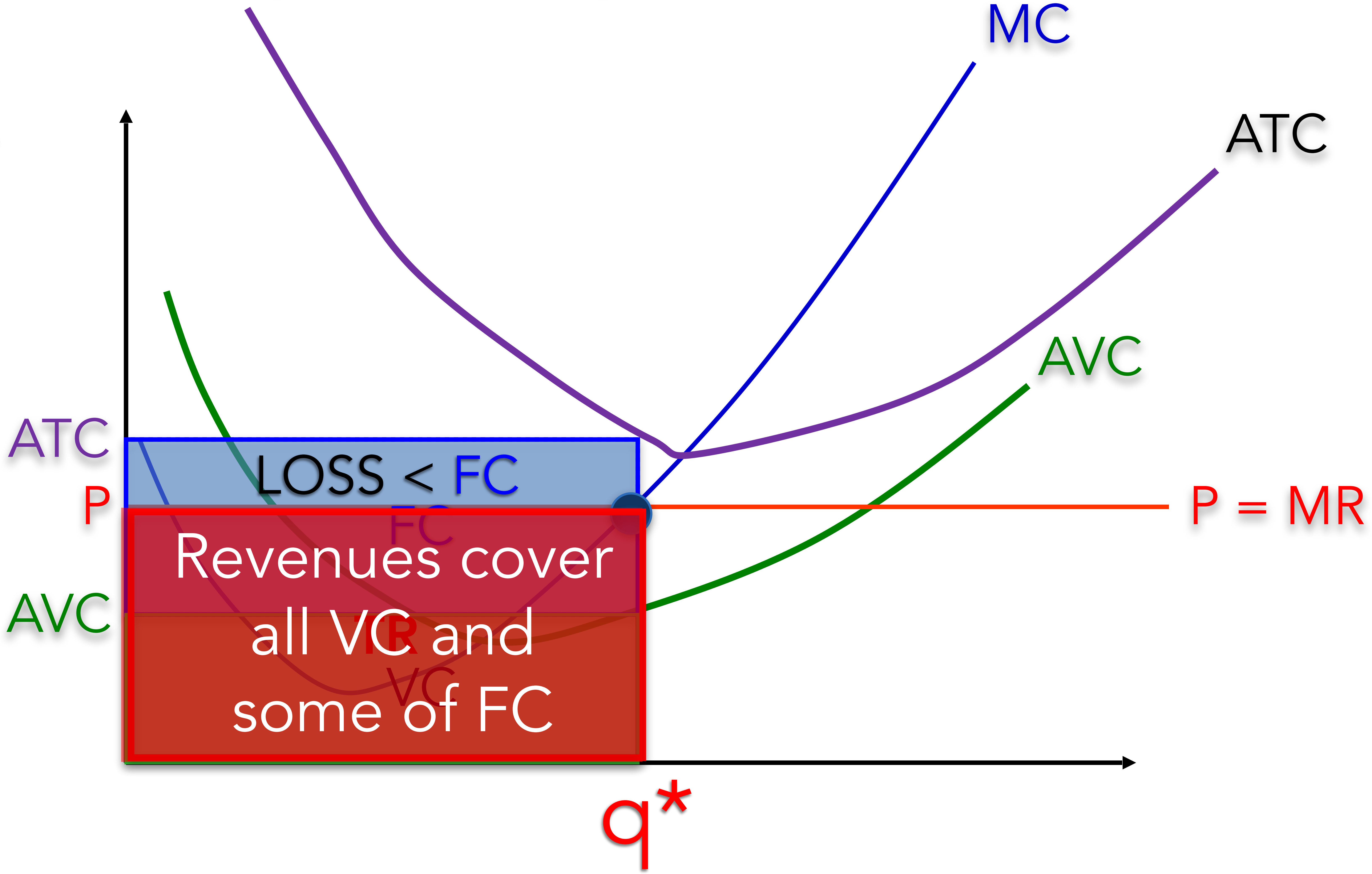
AVC < P < ATC

AVC < P < ATC

Short Run: The firm should produce q* to minimize the loss

Loss if the firm produces q* is smaller than the Fixed Cost

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



Loss if the firm shuts down is equal Fixed Cost