Average Fixed Cost = FC/Q

$$Q=100$$

$$Q=10{,}000$$

14


1,400


AFC

Average Fixed Cost

AFC =1,400 when Q=100

AFC = 14

when Q=10,000

AFC = 140,000/10,000 = 14

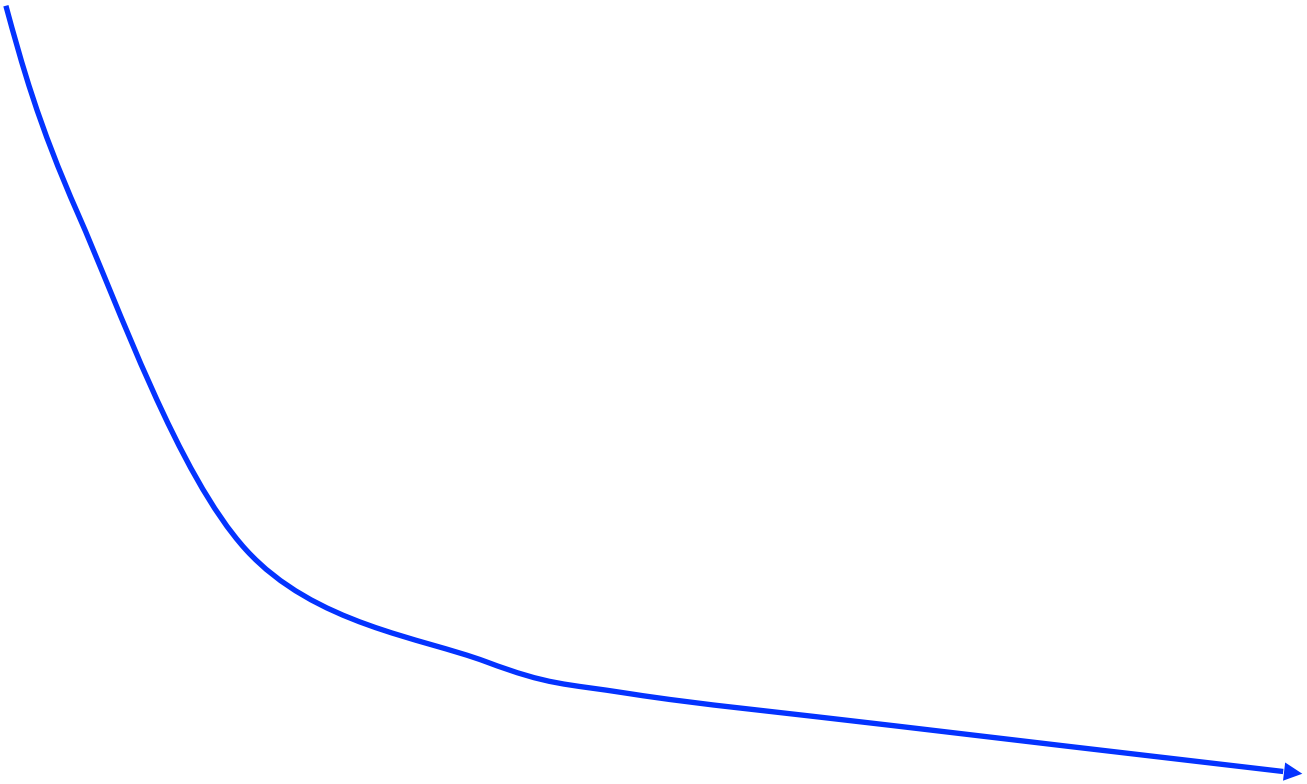
AFC = 140,000/1,000 = 140

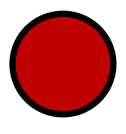
140

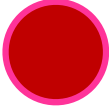
$$Q = 1{,}000$$


Q = 1,000

$Q = 10{,}000$ 







$$Q = 100$$

AFC = 140,000/100 = 1,400

FC = $140,000


Even though
Fixed Cost
remains the
same


The **Average**
Fixed Cost
Decrease as Q
Increase

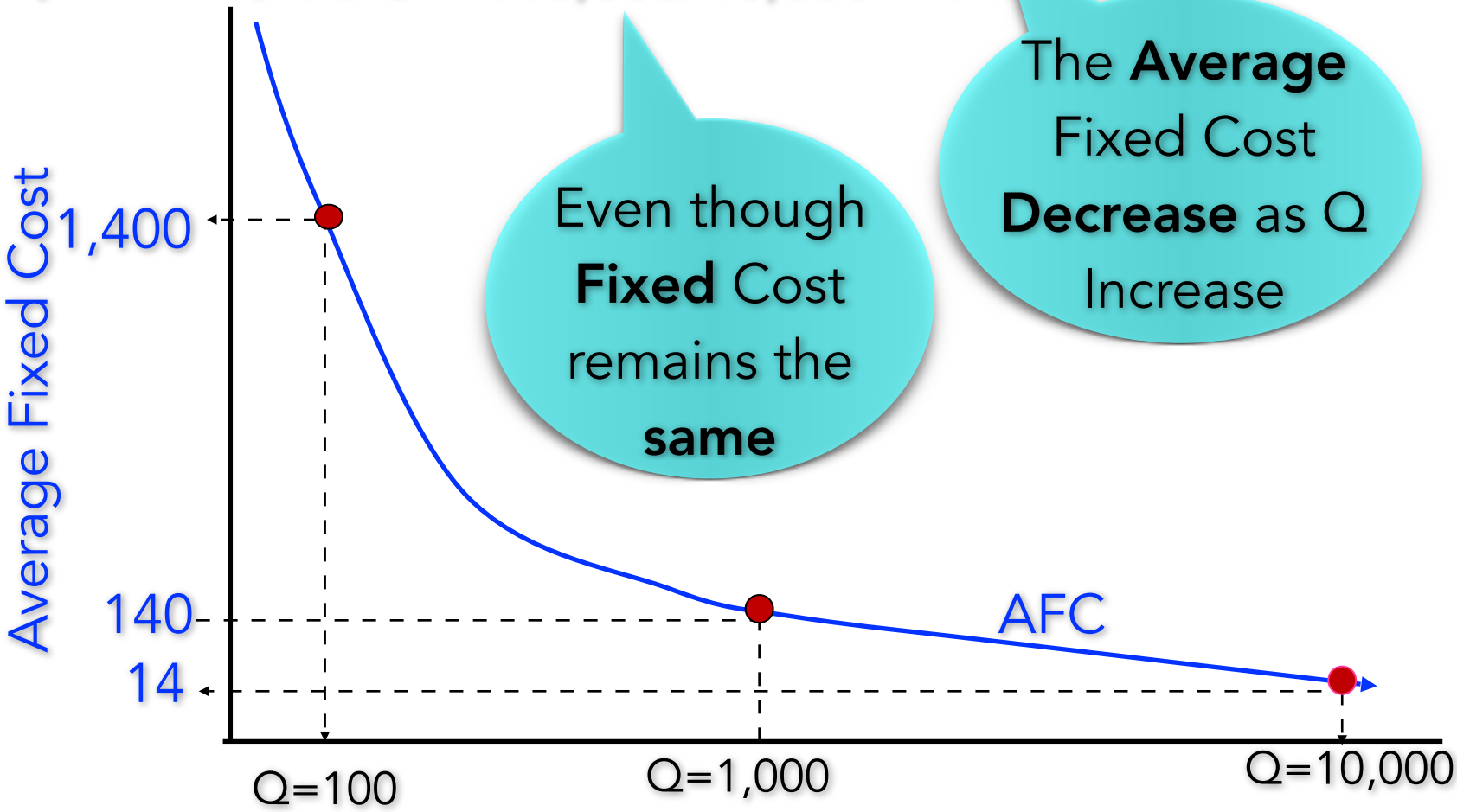
FC = $140,000

Average Fixed Cost = FC/Q

Q = 100 → AFC = 140,000/100 = 1,400

Q = 1,000 → AFC = 140,000/1,000 = 140

Q = 10,000 → AFC = 140,000/10,000 = 14



Even though **Fixed** Cost remains the **same**

The **Average** Fixed Cost **Decrease** as Q Increase

An example: