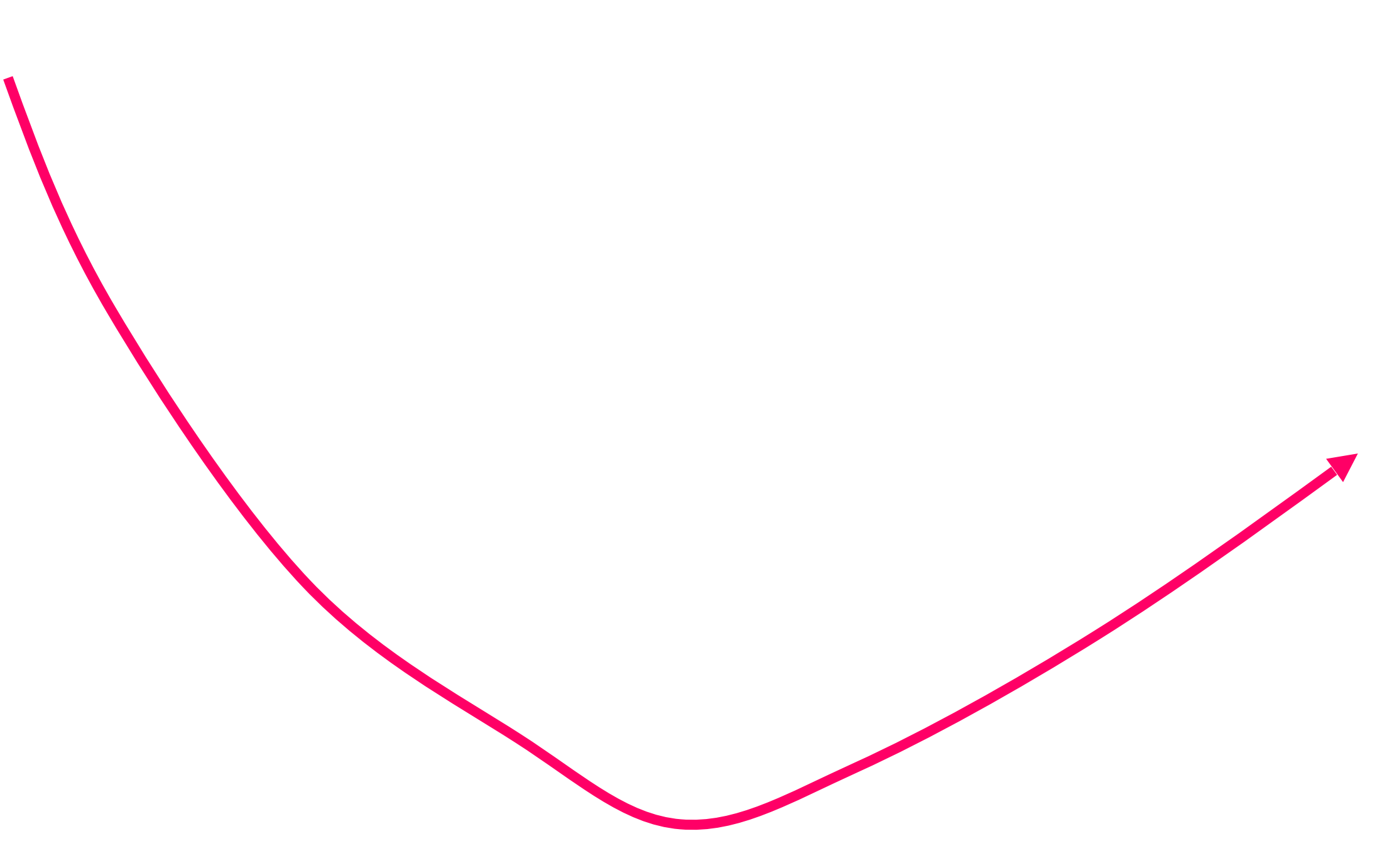




AVC



ATC









5

MC

If the Market Price is  $P=5$

In the long run:  $MR = MC = Price = SRATC = LRATC = ?$

Until  $P = \text{Min ATC} = \$8$

















P = 8





6

Long Run Equilibrium Condition

$$MR = Price = MC = Min\,SRATC = Min\,LRATC$$

# Loss





Price  
increase

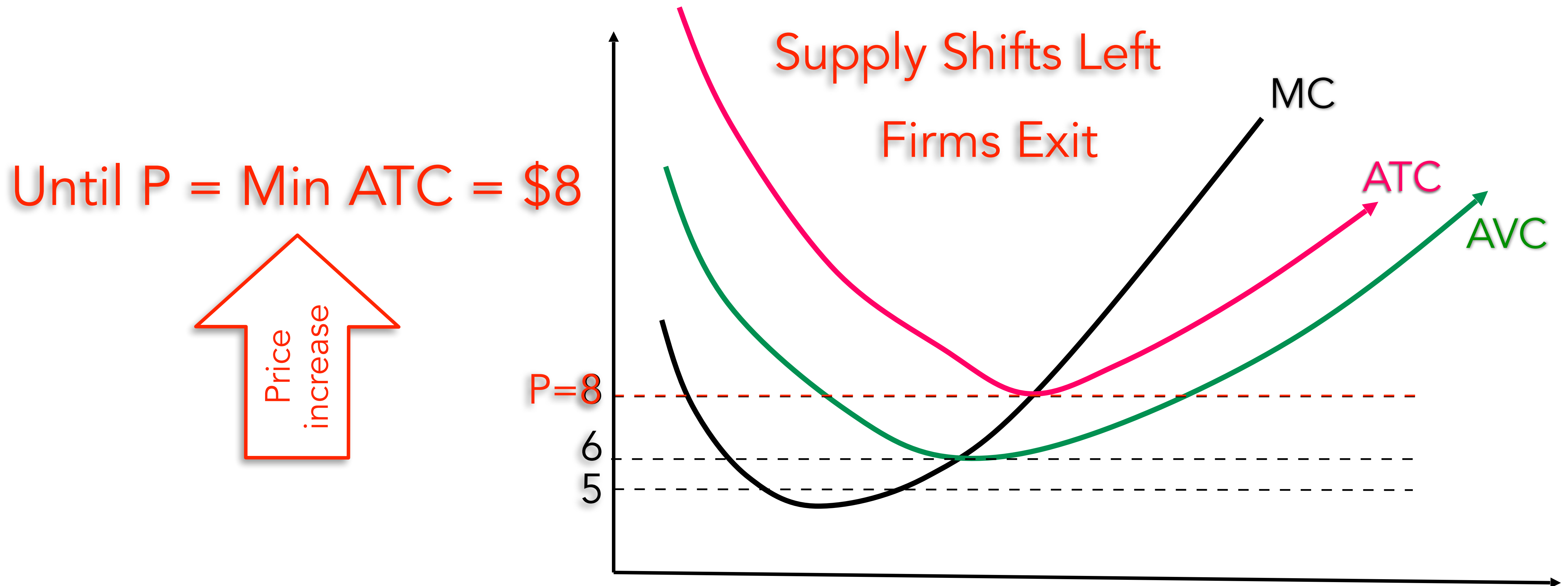
Firms Exit

Supply Shifts Left



# Long Run Equilibrium Condition

In the long run:  $MR = 8$   $MC = 8$   $Price = 8$   $SRATC = 8$   $LRATC = 8$



$$MR = \text{Price} = MC = \text{Min SRATC} = \text{Min LRATC}$$

# LONG RUN EQUILIBRIUM CONDITION

