### Average Fixed Cost = FC/Q









Q=10,000



1,400



# T

### For Q=100 AFC = 1,400

#### For Q = 10,000AFC = 14

AFC = 140,000/10,000 = 14

AFC = 140,000/1,000 = 140

Q = 1,000

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Q = 1,000

Q = 10,000

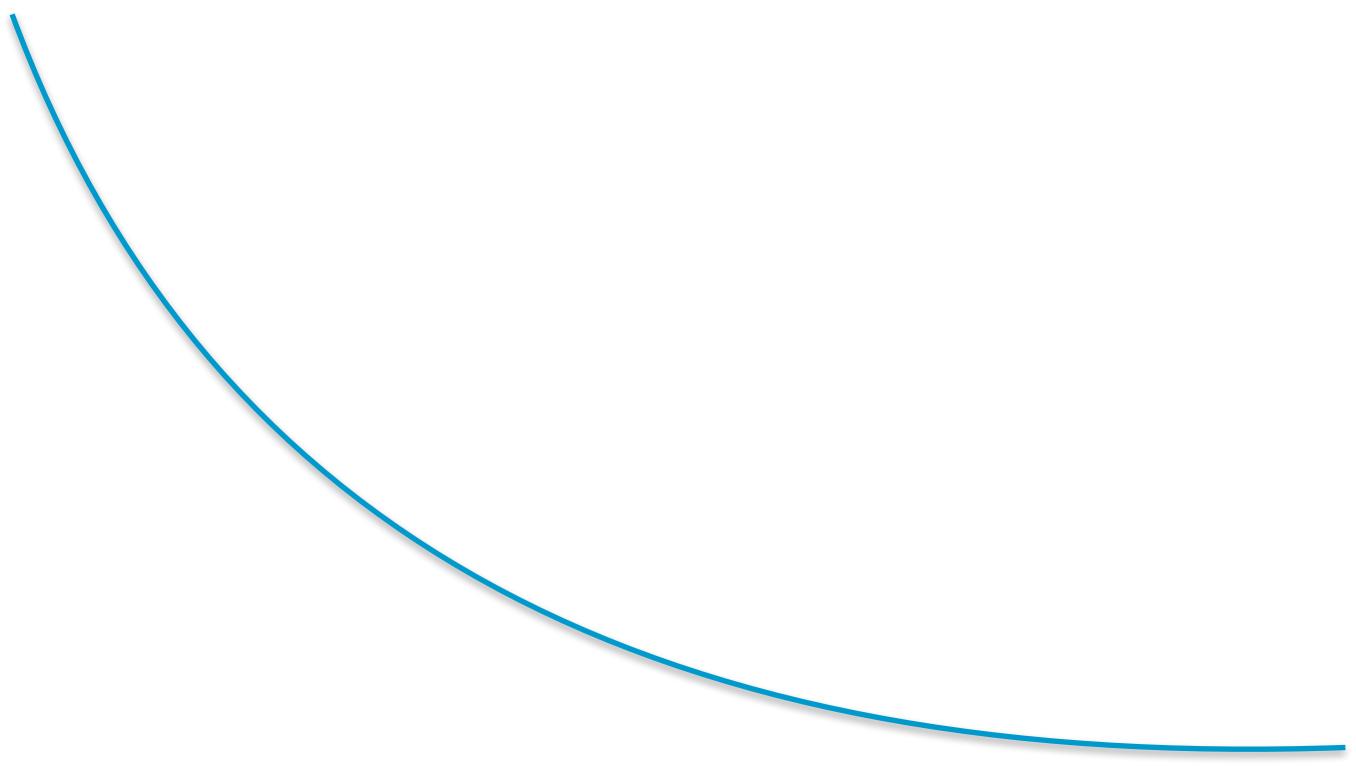
Q = 100

AFC = 140,000/100 = 1,400

FC = \$140,000

## Even though Fixed Cost remains the same

# The Average Fixed Cost Decrease as Q Increase









#### For Q = 1,000AFC = 140

### Average Fixed Cost

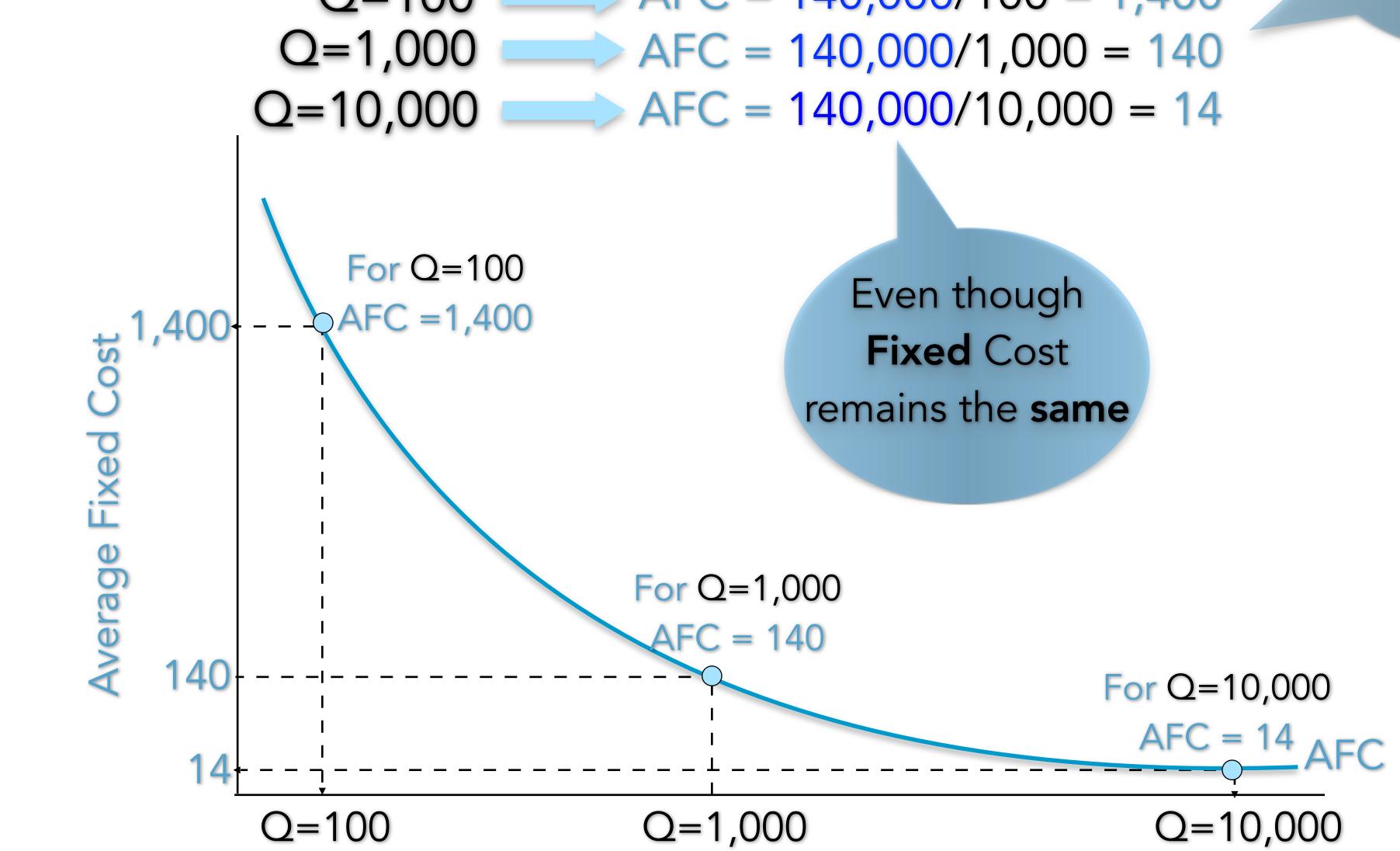
### Average Fixed Cost

FC = \$140,000

Average Fixed Cost = FC/Q

Q=100  $\rightarrow$  AFC = 140,000/100 = 1,400





An Example:

TC = FC + VC