

MC

AVC





ATC



P = MMR

P



Q





AVC



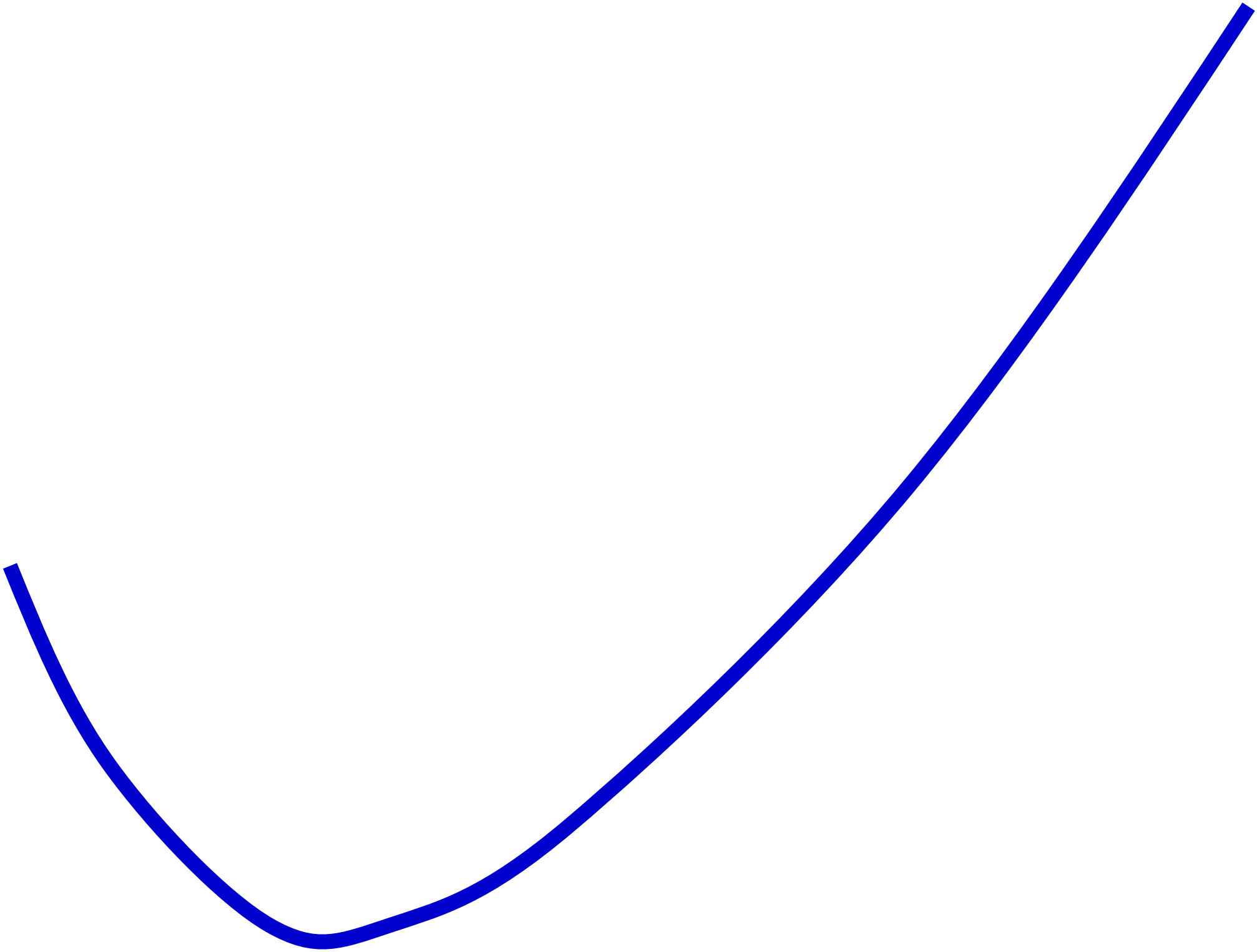


ATC

FC

**LOSS < FC**







VC

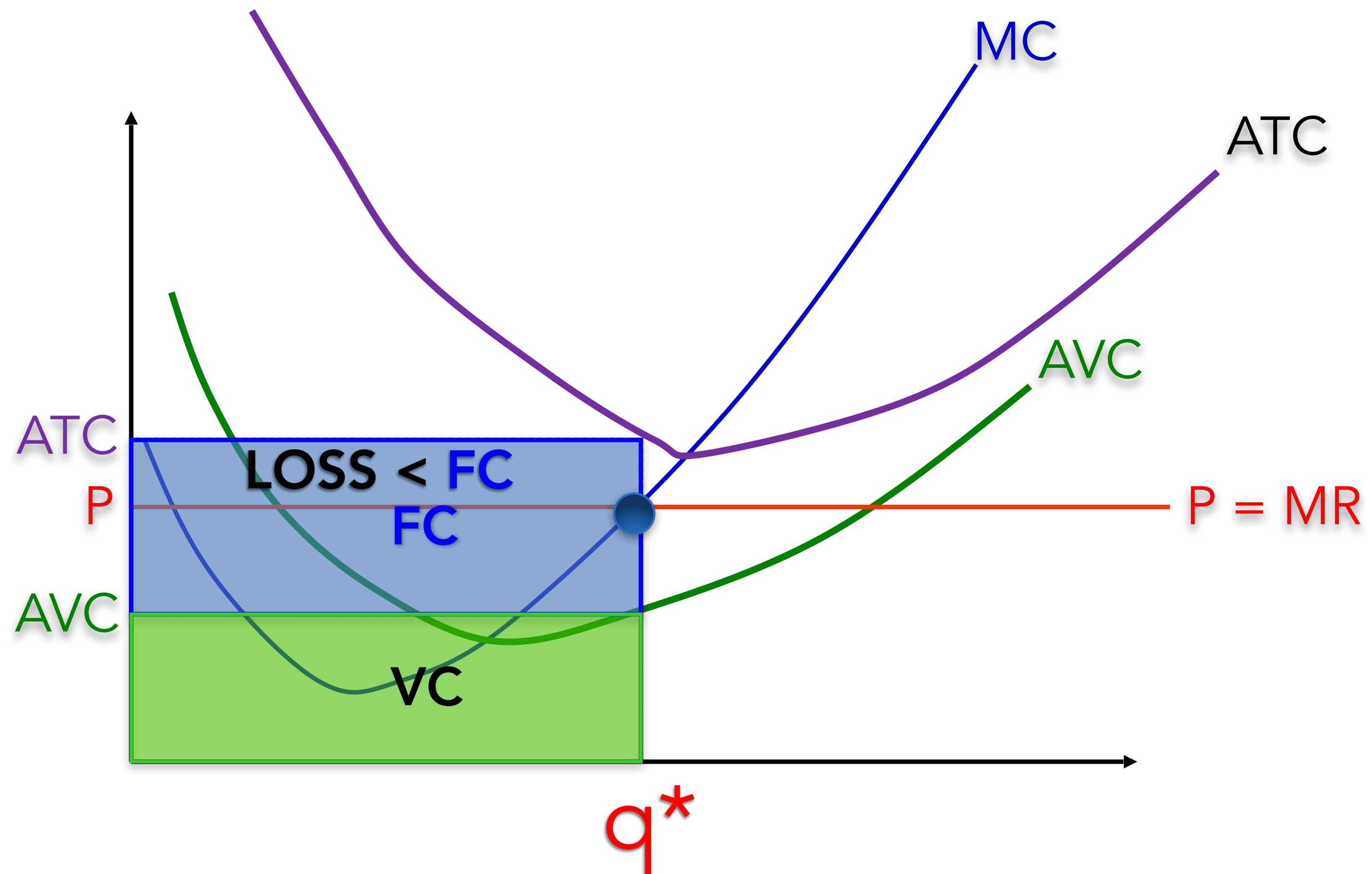


TR

Revenues cover  
all VC and some  
of FC

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

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



# Shutting Down the Plant

