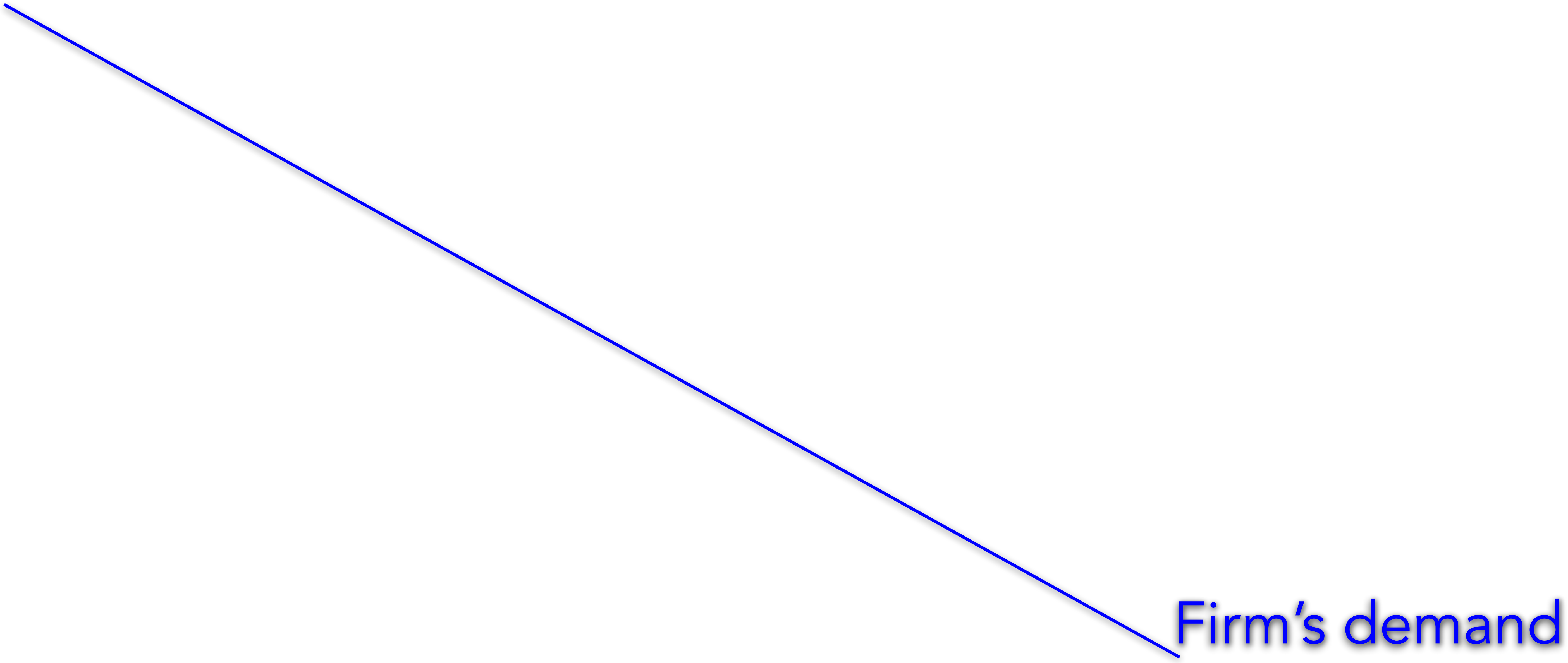
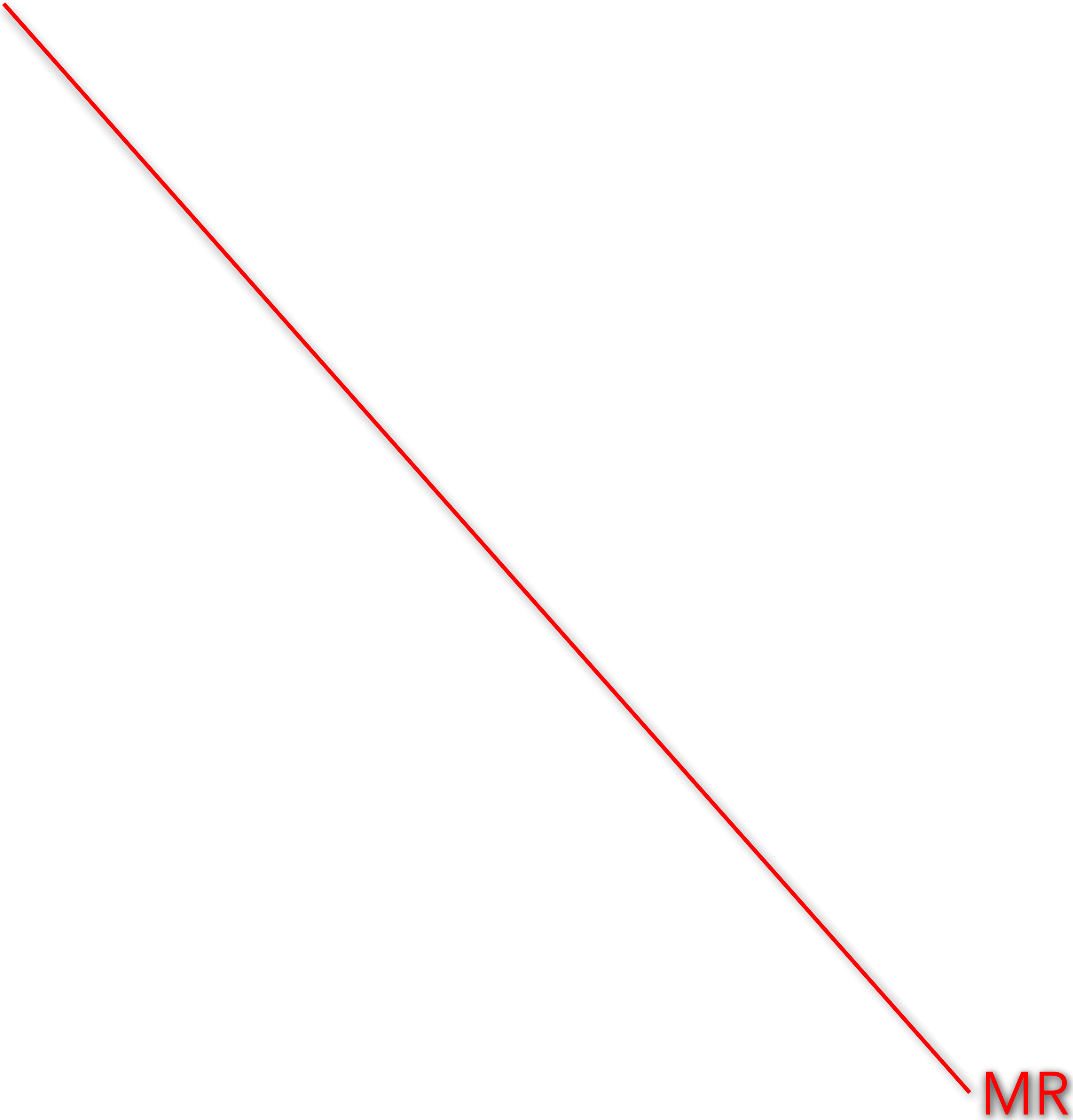
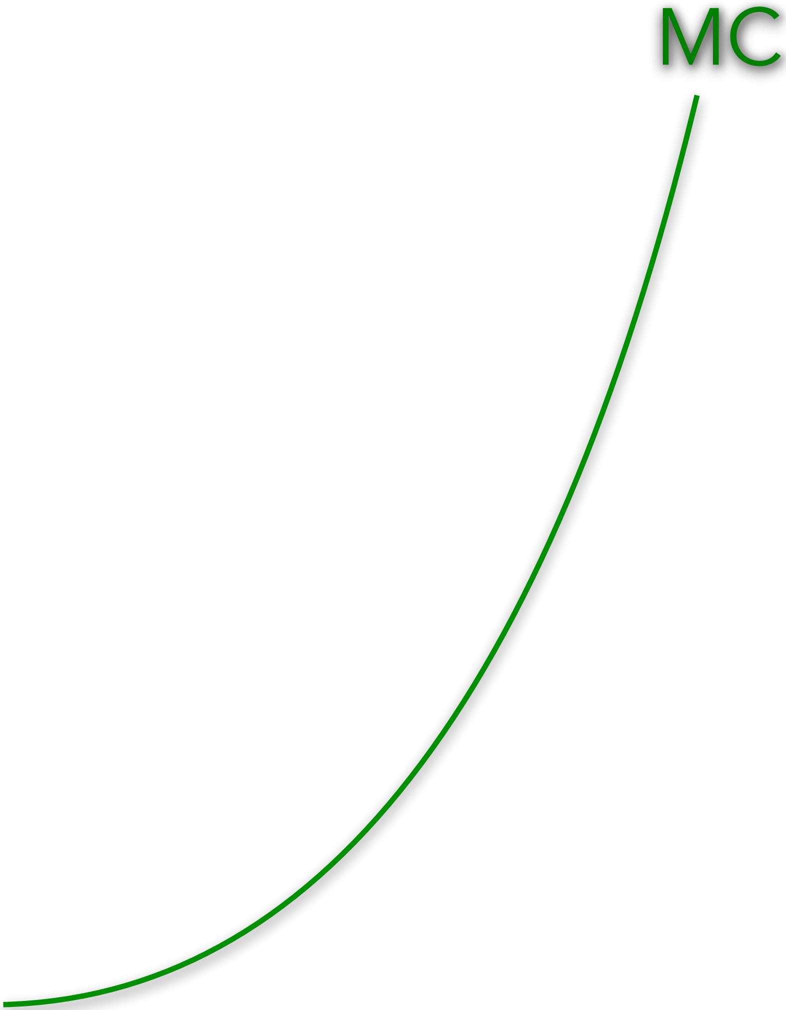

Firm’s demand


MR

P_{mc}

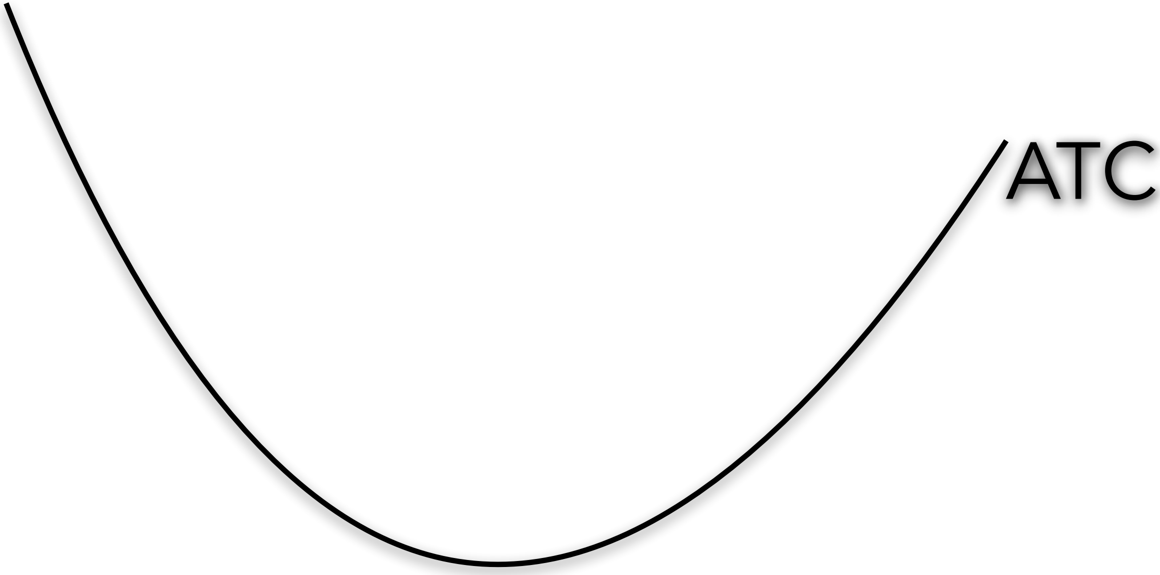
q_{mc}


MC

$$MR = MC$$

P

Q


ATC

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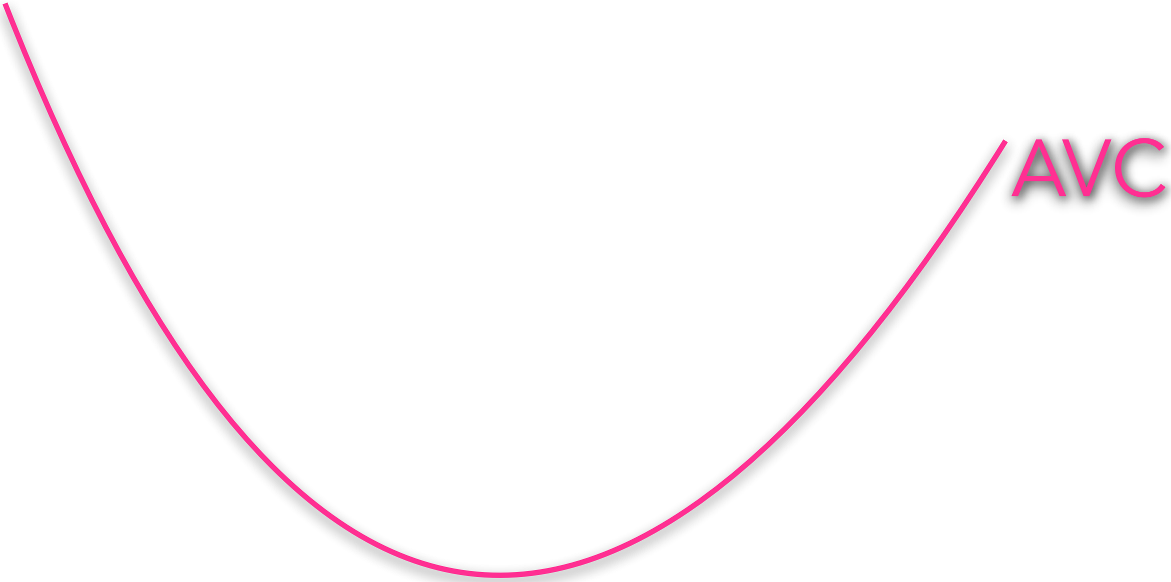
Loss

The firm is indifferent between producing q_{mc} and shutting down in the short run


AVC

q_{mc}

ATC

AVC =

$$FC =$$

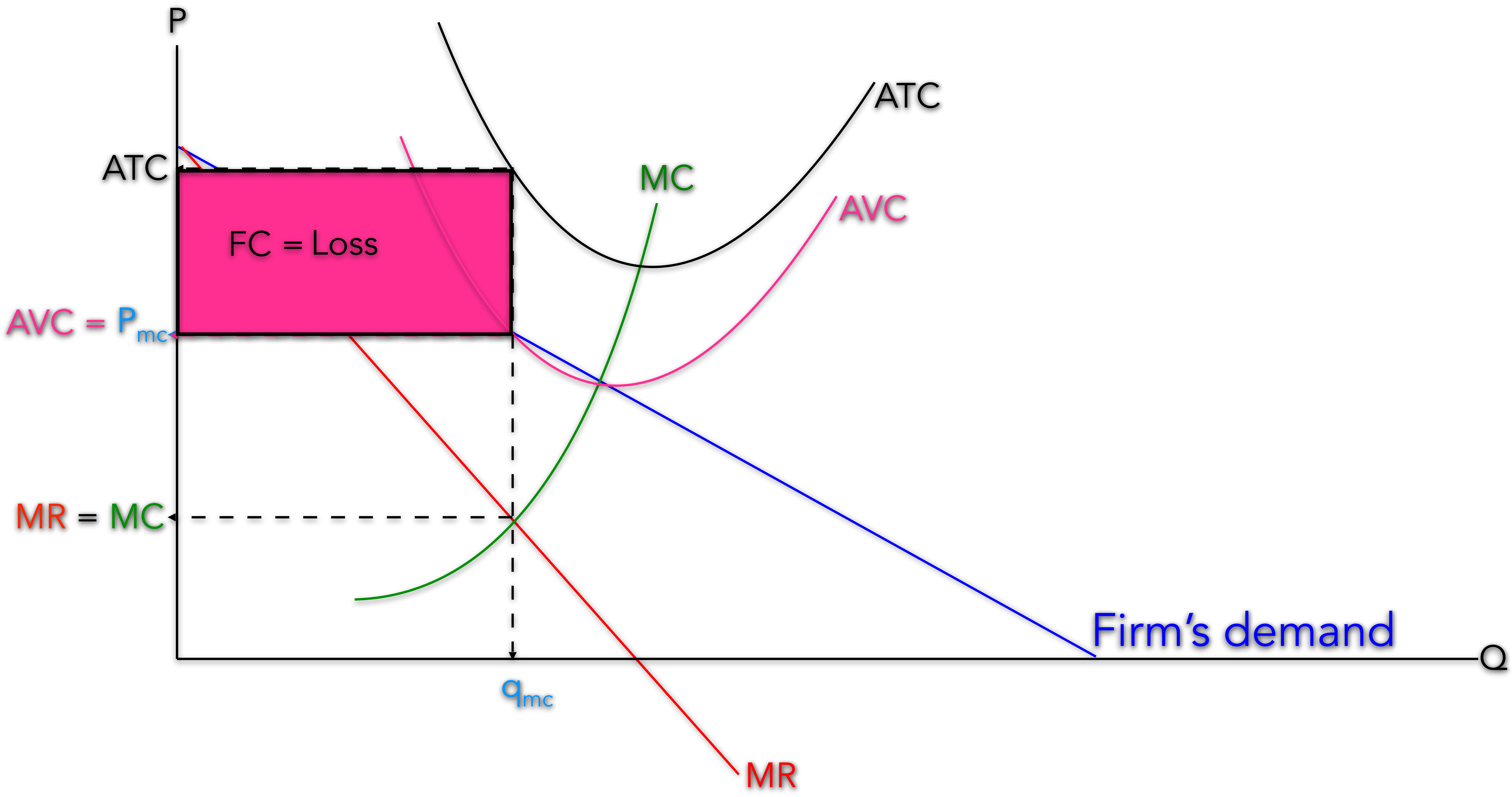
The firm should exit in the long run

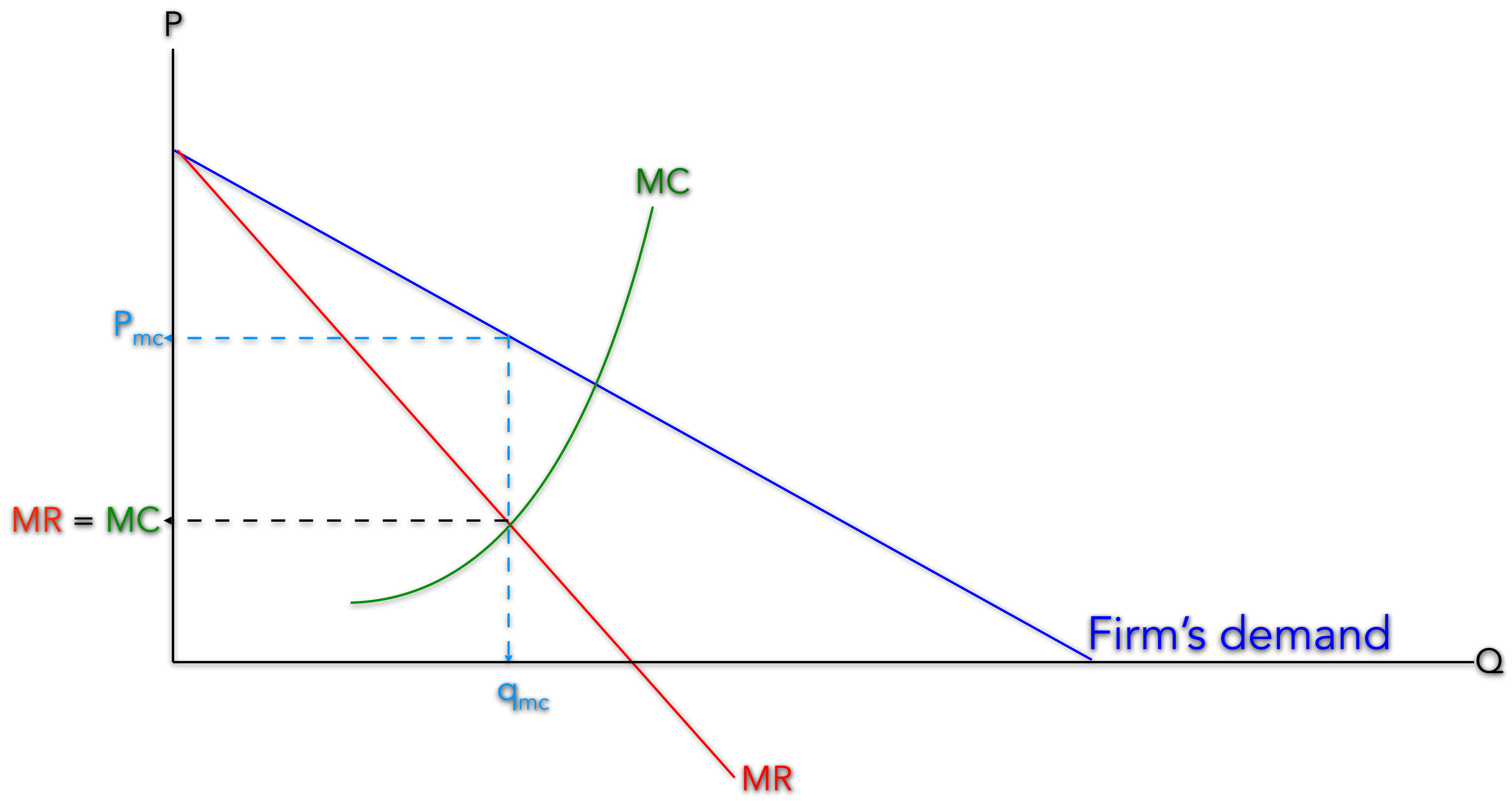
Like in Perfect Competition and Monopoly if $P = AVC < ATC$ firms incur a loss equal to the fixed cost

Like in Perfect Competition and Monopoly if P = AVC < ATC firms incur a loss equal to the fixed cost

The firm is indifferent between producing q_{mc} and shutting down in the short run

The firm should exit in the long run




P
MC
Pmc
MR = MC
Firm's demand
Q
qmc
MR