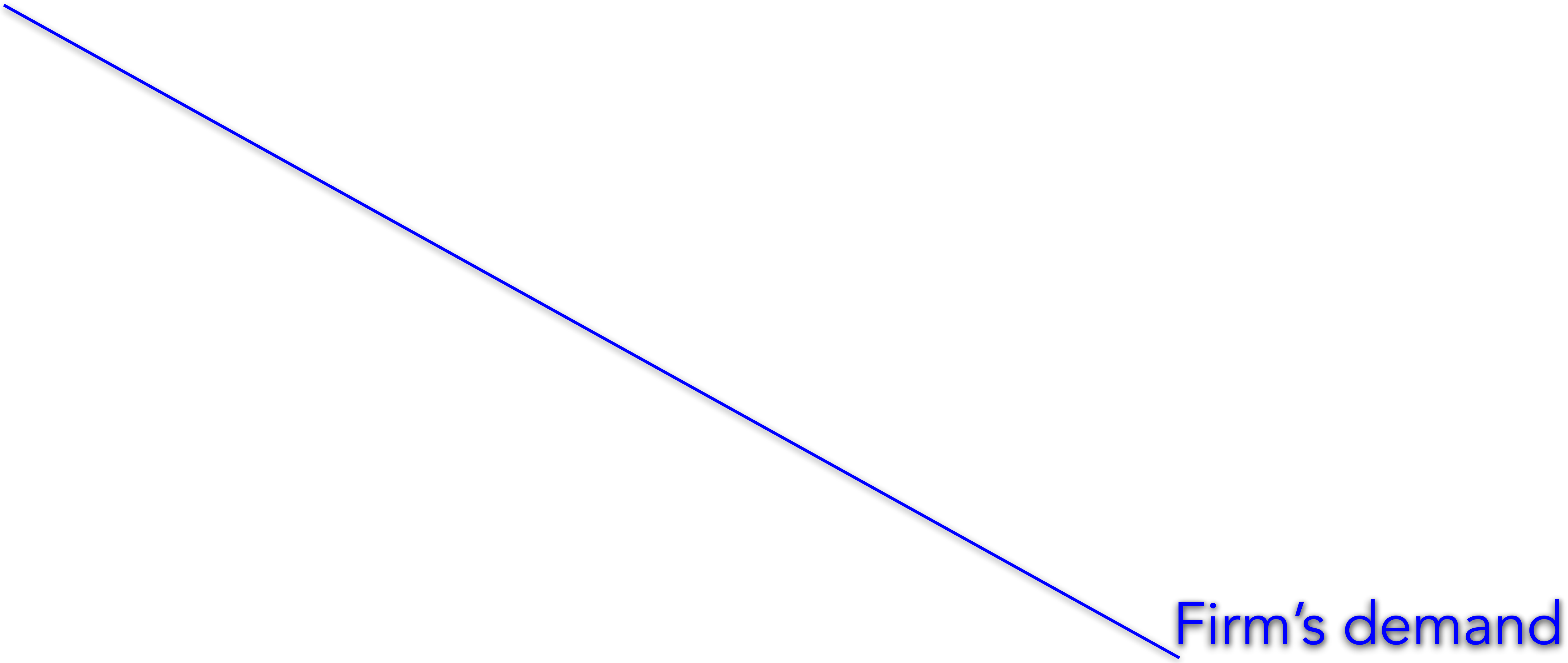
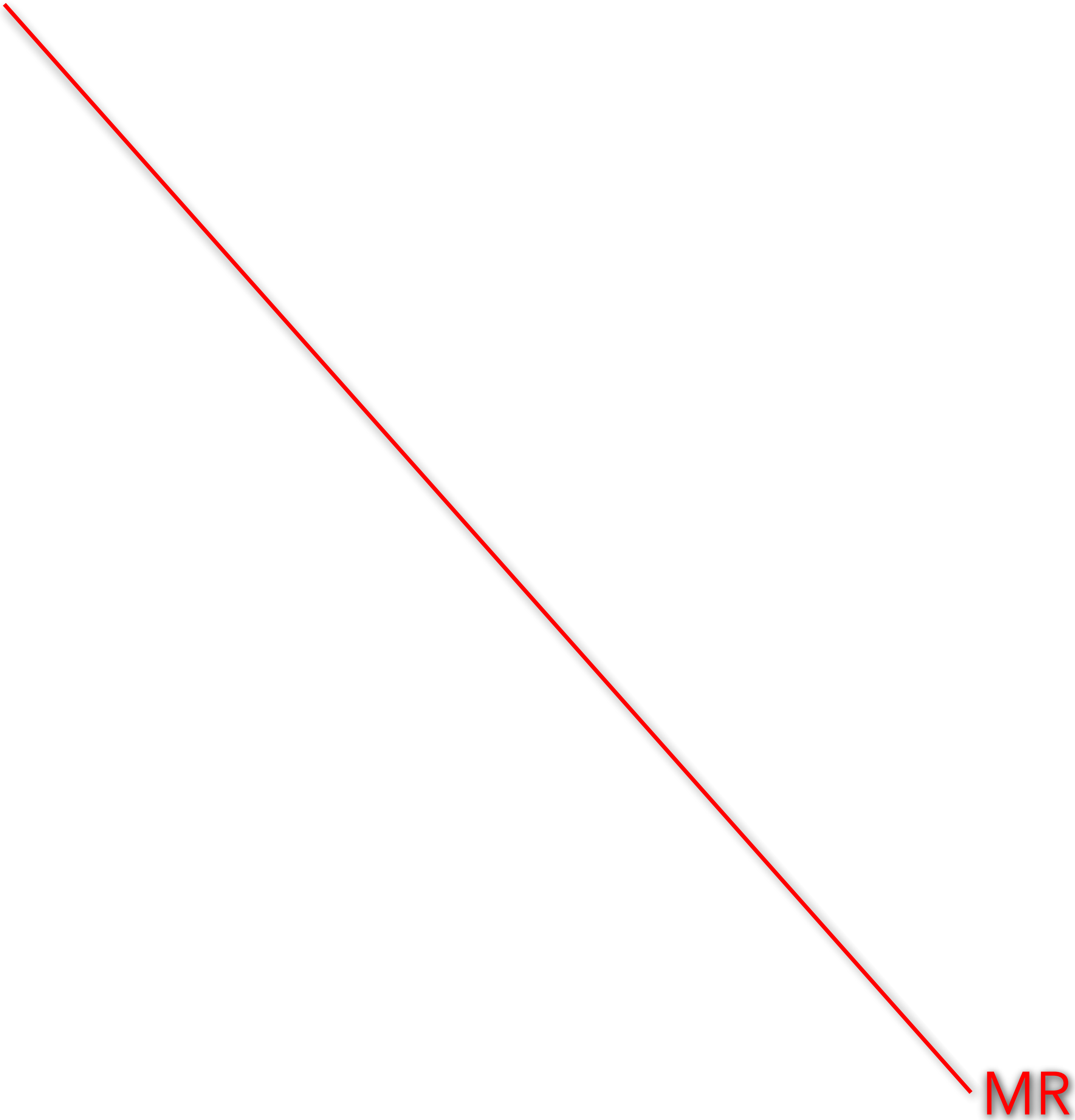
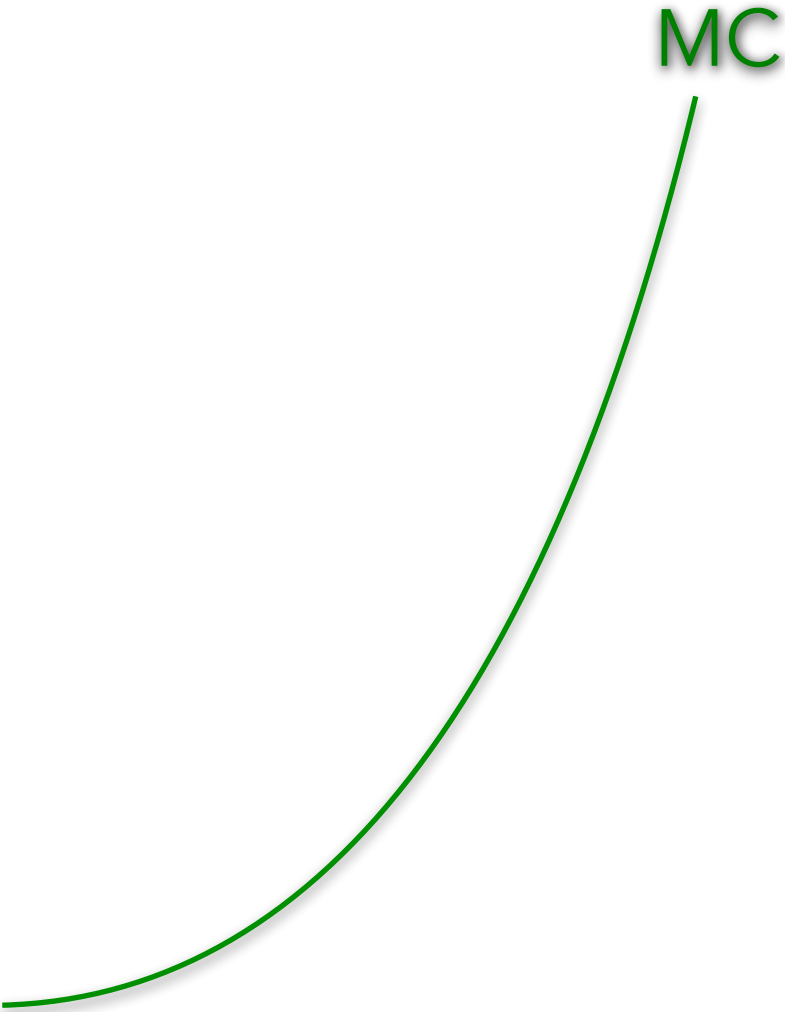

Firm’s demand


MR

P_{mc}

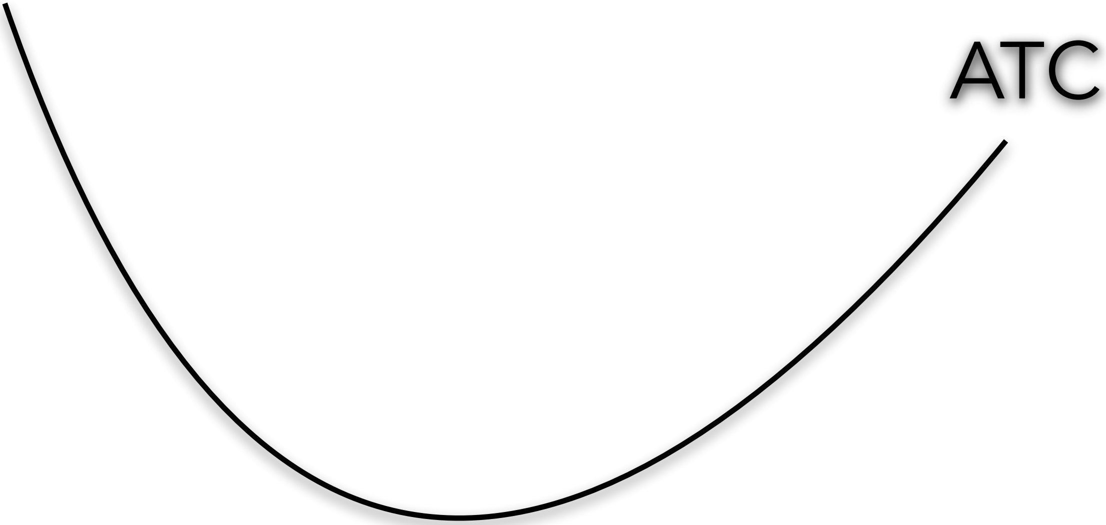
q_{mc}


MC

$$MR = MC$$

P

Q


ATC

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Loss

The firm should produce q_{mc} in the short run


AVC

q_{mc}

ATC

AVC

FC

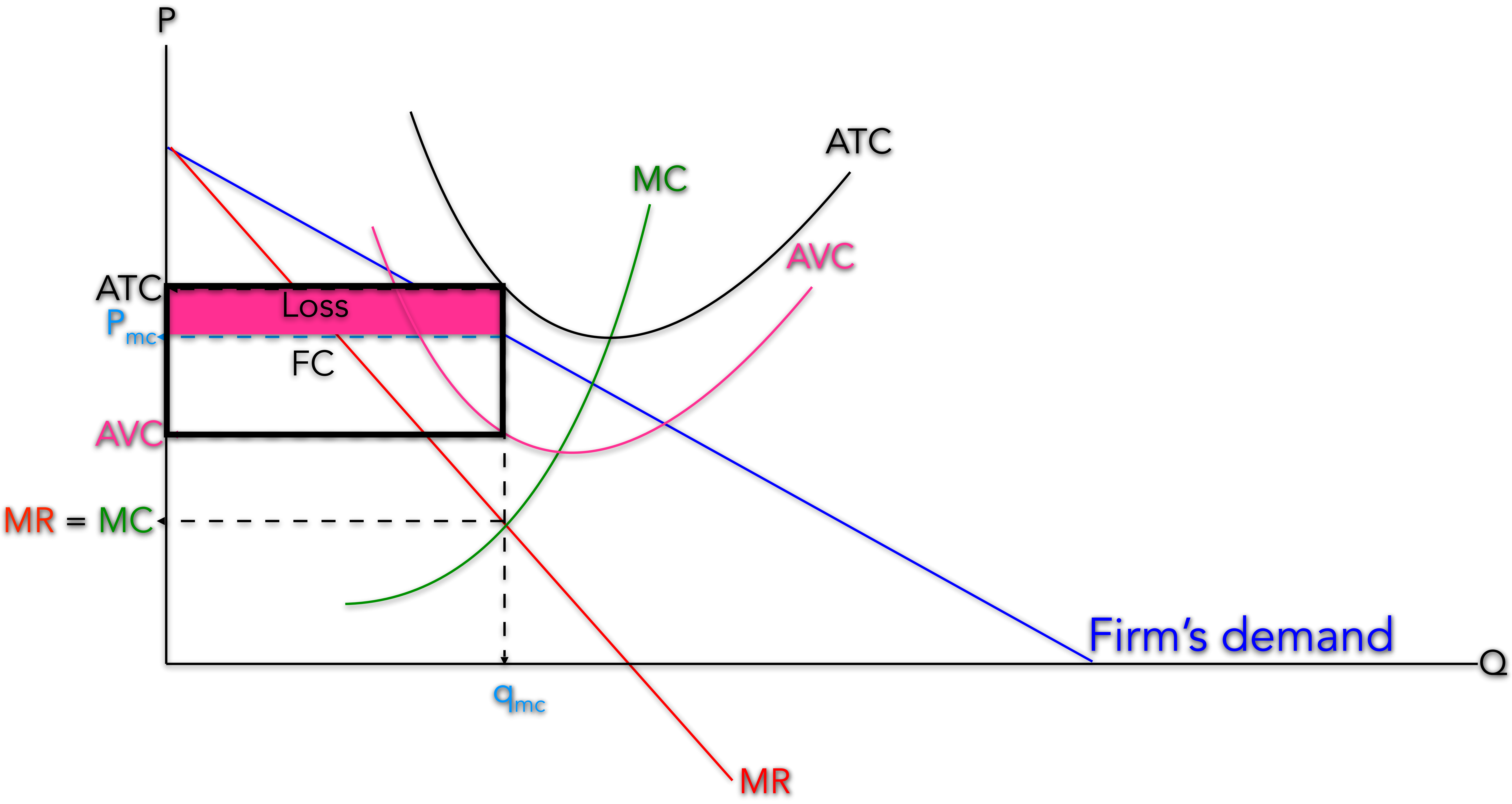
The firm should exit in the long run

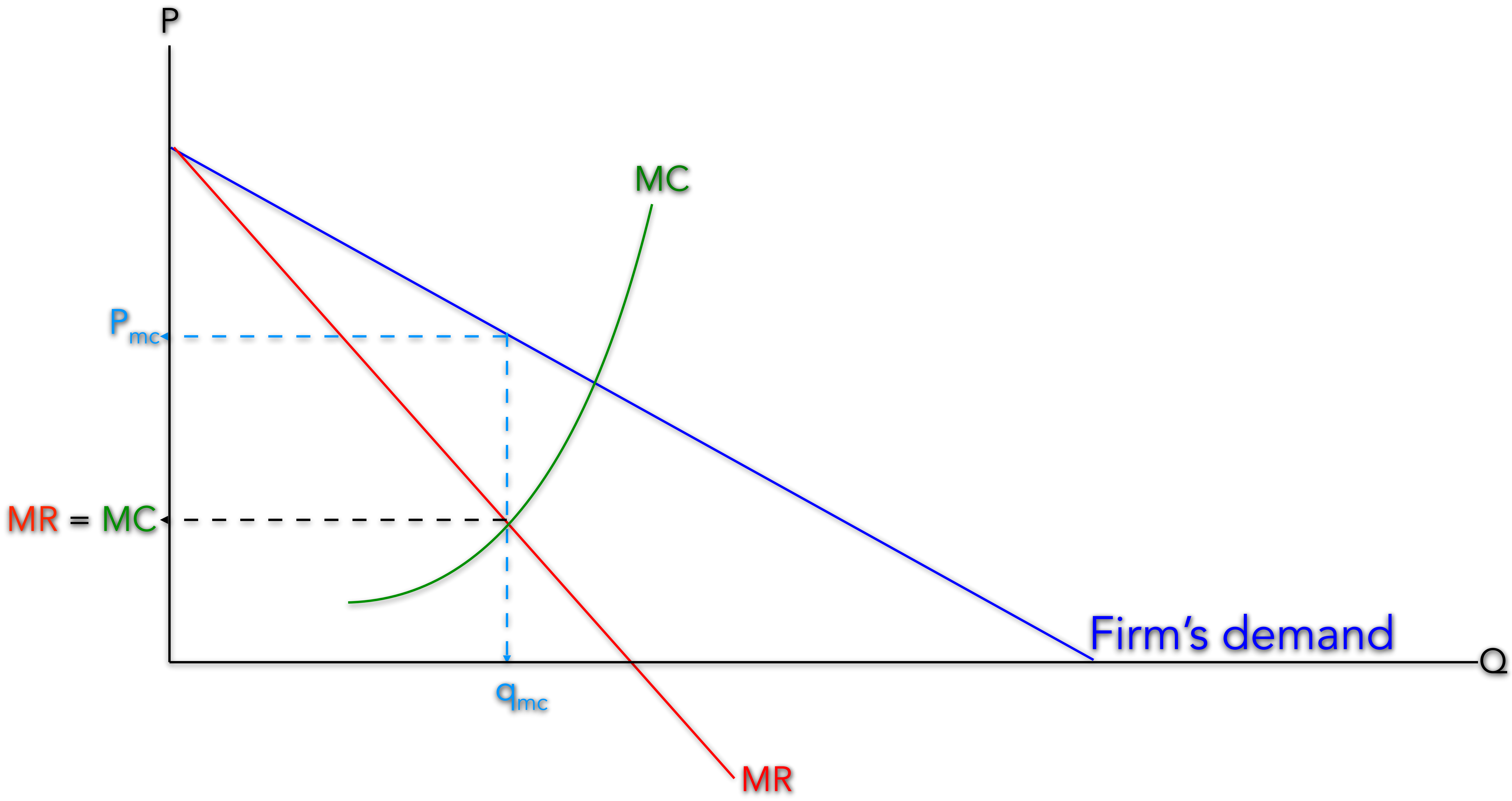
Like in Perfect Competition and Monopoly if AVC < P < ATC firms incur a loss smaller than the fixed cost

Like in Perfect Competition and Monopoly if AVC < P < ATC firms incur a loss smaller than the fixed cost

The firm should produce q_{mc} in the short run

The firm should exit in the long run





P
MC
P_{mc}
MR = MC
Firm's demand
Q
q_{mc}
MR