Sun Mon Tue Wed Thu Fri Sat

Subject :

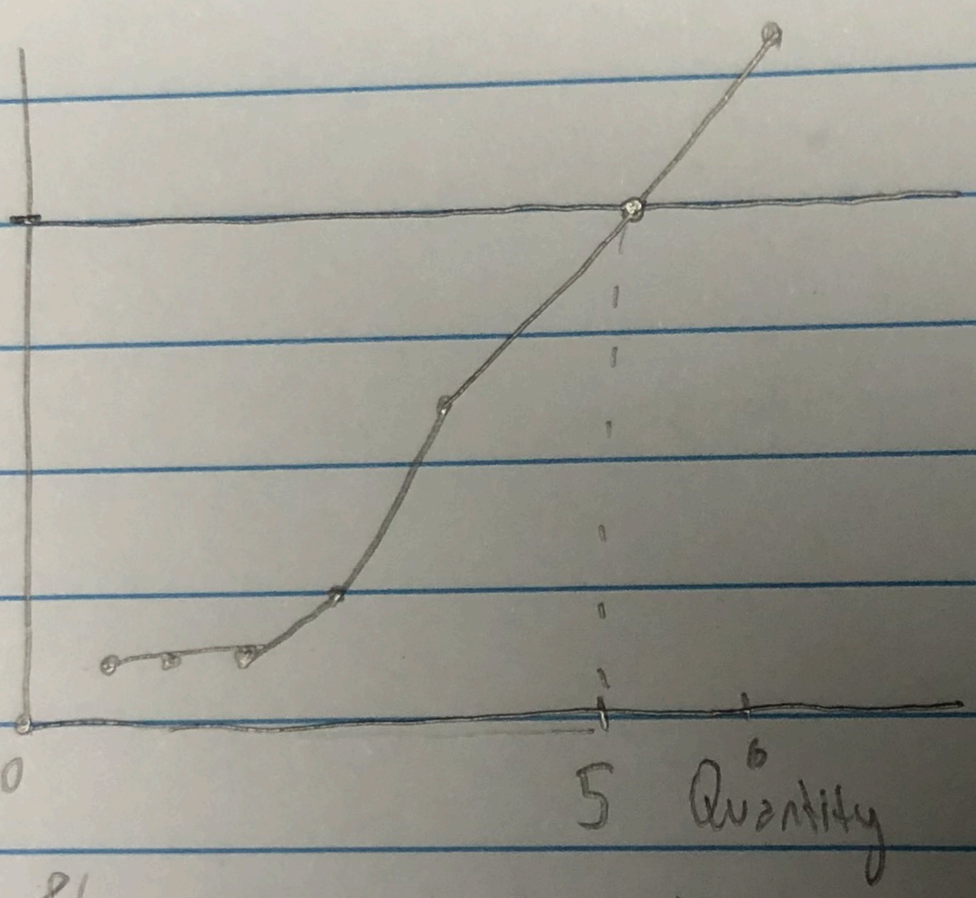
Date :

3a) a) When Q | 0 1 2 3 4 5 6 7

TR - TC = π(Q) | -8 -1 6 13 19 21 21 19

∴ The firm should produce at 6 or 5, because it maximizes the profit

b)




- The quantity 5 and 6 purposes the same answer.

c) It is competitive since the MP are the same for each quantity. Since the profit is positive, it is not in a long run.

Date :

7) a) $\bar{\pi} = TR - TC$

Given $Q = 100$

$AR = 10$

$ATC = 8$

$fC = 200$

a) $100 [10 - 8]$

$= \$200$

b) $MR(Q) = MC(Q)$

$\therefore$ Marginal Cost $= \$10$

c) AVC? $ATC - AFC = AVC$

$= \frac{800}{100} - \frac{200}{100} = AVC$

$6 = AVC$

d) $AC = MC \quad : AC = 8$

$MC = 10$

$10 > 8$

is less than 100 units