



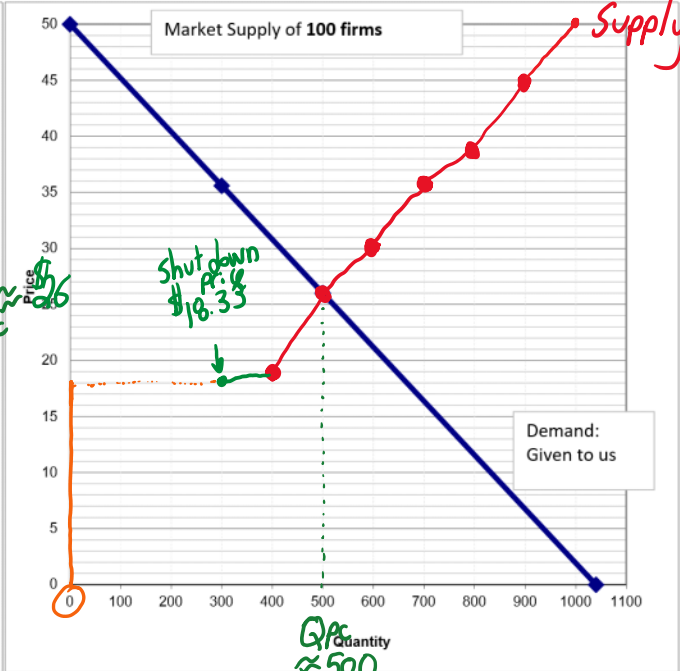
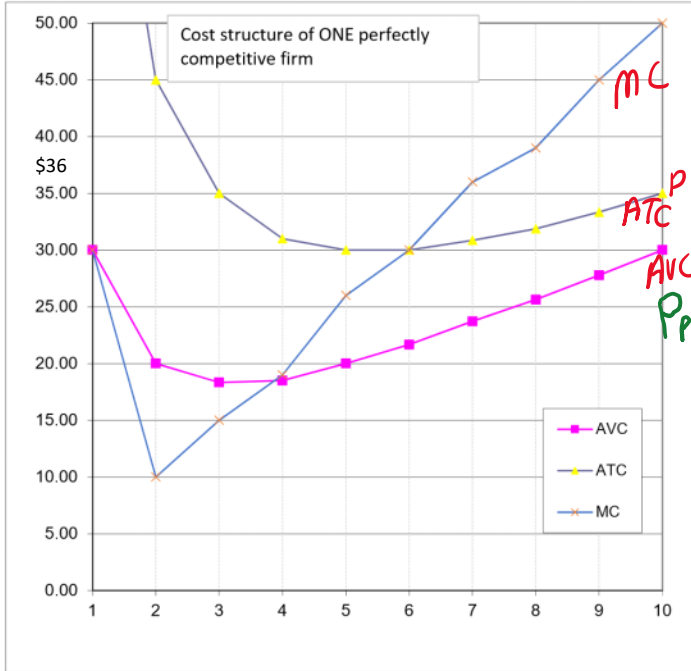
Chapter 12: Drawing a market supply curve with 100 pure competition firms *MR=MC* *1 Monopoly!*

Q	Total Cost	TFC	TVC	AFC	AVC	ATC	MC
0	\$50	\$50	\$0	—	—	—	—
1	\$80	\$50	\$30	50.00	30.00	80.00	30.00
2	\$90	\$50	\$40	25.00	20.00	45.00	10.00
3	\$105	"	\$55	16.67	18.33	35.00	15.00
4	\$124	"	\$74	12.50	18.50	31.00	19.00
5	\$150	"	\$100	10.00	20.00	30.00	26.00
6	\$180	"	\$130	8.33	21.67	30.00	30.00
7	\$216	"	\$166	7.14	23.71	30.86	36.00
8	\$255	"	\$205	6.25	25.63	31.88	39.00
9	\$300	"	\$250	5.56	27.78	33.33	45.00
10	\$350	\$50	\$300	5.00	30.00	35.00	50.00

What is the shut down price? *\$18.33*  
 What is the break even price? *\$30.00*  
 Suppose the market price was \$18. What should the firm do?  
 $Q=0$  *Loss \$50*  
 Suppose the market price was \$36. What should the firm do?  
 $Q=7$   $TR=252$   $TC=216$   $Profit=36$

Given the demand curve below: Draw MARKET Supply Curve (100 firms)

- What is the market Price in this case? *\$26*  
 a. How much will each firm produce? *Q=5*  
 b. Will they make a profit?  $TR=130$   $TC=150$  *Loss \$20*  
 c. Will they Shut down? (i.e., produce zero today)





## Chapter 10 Practice: Drawing a market supply curve with 100 pure competition firms

Q	Total Cost	TFC	TVC	AFC	AVC	ATC	MC
0	\$50						
1	\$80						
2	\$90						
3	\$105						
4	\$124						
5	\$150						
6	\$180						
7	\$216						
8	\$255						
9	\$300						
10	\$350						

What is the shut down price?  
 What is the break even price?  
 Suppose the market price was \$18. What should the firm do?  
 Suppose the market price was \$36. What should the firm do?

### Given the demand curve below: Draw MARKET Supply Curve (100 firms)

What IS the market Price in this case?

- How much will each firm produce?
- Will they make a profit?

c. Will they Shut down?

