

Homework Assignment #6

Name:

1. Draw and label a graph including the following producer cost curves: Total Cost, Fixed Cost, Variable Cost, Average Total Cost, Average Variable Cost, and Marginal Cost.
2. Identify the cost-minimizing point of production on your graph above (P^* and Q^*). How do you know it is the cost-minimizing point?
3. Fill in the values for the relevant cost curves in the table below

Q	TC	AFC	AVC	ATC	MC
1	16				6
2		10			12
3				13.33	
4	50	5	7.5		
5		4	8.4		42
6	76				
7					

4. If fixed costs are 20 and the marginal cost is determined by $MC=2+3Q+Q^2$, what are the equations for total cost, average total cost, average fixed costs, and average variable cost? (Hint: you should be adding equations together or dividing by Q)