

Microeconomics, Module 5, "The Behavior of Firms"

*Homework assignment*

(The attached PDF file has better formatting.)

*Profit Maximization*

A firm faces a demand curve of  $P = 130 - 5Q$ . The marginal cost for this firm is  $20 + Q$ . The fixed costs are 500. Assume that the firm produces a quantity and charges a price to maximize profits.

- A. What is the marginal revenue curve facing the firm?
- B. What is the quantity produced by the firm?
- C. What is the equilibrium price charged by the firm?
- D. What are the total variable costs of the firm?
- E. What are the total costs of the firm?
- F. What is the total revenue of the firm?
- G. What is the net profit of the firm?