Assignment 2: Market Forms

For this assignment you will do a significant portion of work in MS Excel and import it into an MS Word document for submission. You will use the data below to address Price and Output decisions faced by firms that are *not* in pure competition. Some numbers may be rounded.

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|  Table 1 |   |   |   |   |   |   |   |
| **Output** | **Average Fixed cost** | **Average Variable Cost** | **Average Total Cost** | **Marginal Cost**  | **Price**  | **Total Revenue**  | **Marginal Revenue**  |
| 0 |   |   |   |   |  $ 345.00  |   |   |
| 1 |  $   180.00  |  $ 135.00  |  $    315.00  |   |  $ 300.00  |   |   |
| 2 |  $     90.00  |  $ 127.50  |  $    217.50  |   |  $ 249.00  |   |   |
| 3 |  $     60.00  |  $ 120.00  |  $    180.00  |   |  $ 213.00  |   |   |
| 4 |  $     45.00  |  $ 112.50  |  $    157.50  |   |  $ 189.00  |   |   |
| 5 |  $     36.00  |  $ 111.00  |  $    147.00  |   |  $ 165.00  |   |   |
| 6 |  $     30.00  |  $ 112.50  |  $    142.50  |   |  $ 144.00  |   |   |
| 7 |  $     25.71  |  $ 115.70  |  $    141.41  |   |  $ 126.00  |   |   |
| 8 |  $     22.50  |  $ 121.90  |  $    144.40  |   |  $ 111.00  |   |   |
| 9 |  $     20.00  |  $ 130.00  |  $    150.00  |   |  $   99.00  |   |   |
| 10 |  $     18.00  |  $ 139.50  |  $    157.50  |   |  $   87.00  |   |   |

Address the following:

1. Complete Table-1. Summarize your calculations.
2. Prepare a graph showing:
	* Average Fixed Costs
	* Average Variable Costs
	* Average Total Costs
	* Marginal Revenue
	* Marginal Costs
3. Using the data in the table and on your graph, explain the *profit maximizing*, or *loss minimizing* level of output.
4. Define a *normal profit* and an *economic profit*. Are normal profits being earned in this example? Are economic profits present for this firm in this example?  Explain your answers.
5. Given the data in the table and the graph, what type of *market structure* could this be in the short run? Explain your answers.
6. If the data in Table-1 represents the long run, what type of firm must this data represent? Explain your answers.

Save your MS Word document using the filename **LastnameFirstInitial\_M4A2** and submit it to the **M4: Assignment 2 Dropbox** by **Week 4, Day 7**.

Quotations, paraphrases, and ideas you get from books, articles, or other sources of information should be cited using *APA style*. Help with citing sources can be found through the **Academic Resources** page under **Course Home**.

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| **Assignment 2 Grading Criteria**  | **Maximum Points** |
| Correctly answered all parts of Question 1 and completed Table-1 | 20 |
| Correctly created a graph showing all required data from Question 2 | 12 |
| Correctly answered all parts of Question 3, with accurate and complete explanations | 12 |
| Correctly answered all parts of Question 4, with accurate and complete explanations | 12 |
| Correctly answered all parts of Question 5, with accurate and complete explanations | 12 |
| Correctly answered all parts of Question 6, with accurate and explanations  | 12 |
| Wrote in a clear and concise manner following APA standards, and demonstrated ethical scholarship in accurate representation of sources | 20 |
| **Total:** | **100** |