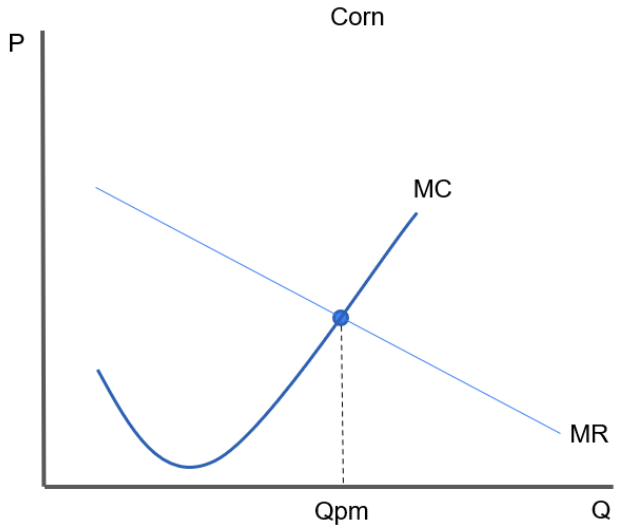
Brady Kondek **2.05 Maximizing Profit**



1. **What is your product and its price? What type of market does your product exist in?**

My product is **corn**, priced at **$10 per bushel**. It exists in a perfect/pure competition market.

2. **Why is the marginal cost curve the same basic shape, no matter the product?**

The marginal cost curve is the same basic shape because marginal costs initially fall at the start, given no extra resources are being added. But eventually the cost will rise as you begin to need more resources/workers to produce more.

3. **At the profit-maximizing quantity, is the price of your product equal to, higher than, or lower than marginal cost? Explain.**

At this point, the price of my product is higher than the marginal cost. It costs $6 to produce a bushel of corn, to then sell it for $10 per bushel. This is ideal, because you don't want to be paying more money to produce something than the amount of money you are bringing in. In that case, you would be losing money.

4. **Assume Qpm is 100 units. What is your total revenue?**

At 100 units (bushels) sold, my total revenue would be **$1000** ($10 * 100).

5. **Why would an already-successful business owner conduct a marginal cost analysis for their product?**

They would still conduct a marginal cost analysis for their product because it helps them to make sure they are maximizing their profits as much as possible. This analysis allows them to compare different production activities, and find which one allows them to bring in the most amount of profit.