Week 6

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Discussion 1

•\* From the scenario, assuming Katrina’s Candies is operating in the monopolistically competitive market structure and faces the following weekly demand and short-run cost functions:

VC = 20Q+0.006665 Q2 with MC=20 + 0.01333Q and FC = $5,000

P = 50-0.01Q and MR = 50-0.02Q

\*Where price is in $ and Q is in kilograms. All answers should be rounded to the nearest whole number.

◦Algebraically, determine what price Katrina’s Candies should charge in order for the company to maximize profit in the short run. Determine the quantity that would be produced at this price and the maximum profit possible.

**Discussion 2**

"Maximizing Revenue" Please respond to the following:

•\* From the scenario, assuming Katrina’s Candies is operating in the monopolistically competitive market structure and faces the following weekly demand and short-run cost functions:

VC = 20Q+0.006665 Q2 with MC=20 + 0.01333Q and FC = $5,000

P = 50-0.01Q and MR = 50-0.02Q

\*Where price is in $ and Q is in kilograms. All answers should be rounded to the nearest whole number.

◦Algebraically, determine what price Katrina’s Candies should charge if the company wants to maximize revenue in the short run. Determine the quantity that would be produced at this price and the maximum revenue possible.