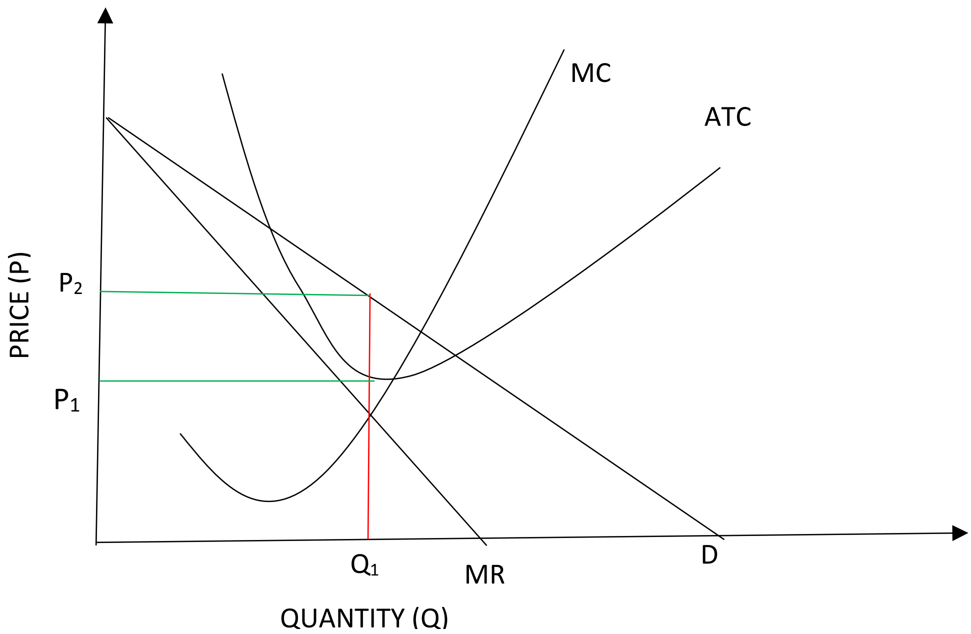
Answer on Question # 77113, Economics -Microeconomics:

Question: How to determine the profit maximizing price and quantity for a single price monopolist? Using ATC as Average total cost, P as price and MC as Marginal cost.

Solution: In a monopoly market, the marginal revenue curve and the demand curve are distinct and downward-sloping. Production occurs where marginal cost and marginal revenue intersect.



MC = MARGINAL COST, ATC = AVERAGE TOTAL COST, MR = MARGINAL REVENUE, D = DEMAND

Now from the graph Q_1 is the profit maximizing quantity (MR = MC), maximizing price = P_2 .

Answer: Q_1 and P_2 .