DEMAND

$U = \bar{f}(x, y)$ → Indifference Curve

$\bar{I} = P_x X + \bar{P}_y Y$ → Budget Constraint

$\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$ → equilibrium condition

→ Price Consumption Curve

→ Demand Curve

N.B. Income consumption → Engel Curve

Supply

Short Run

$Q = g(\bar{K}, L)$ → Production Curve

$C = C_K \bar{K} + C_L L$ → ATC, AVC, MC curves

$MR = MC$ → profit max, loss min.

Shut Down: MC = min AVC

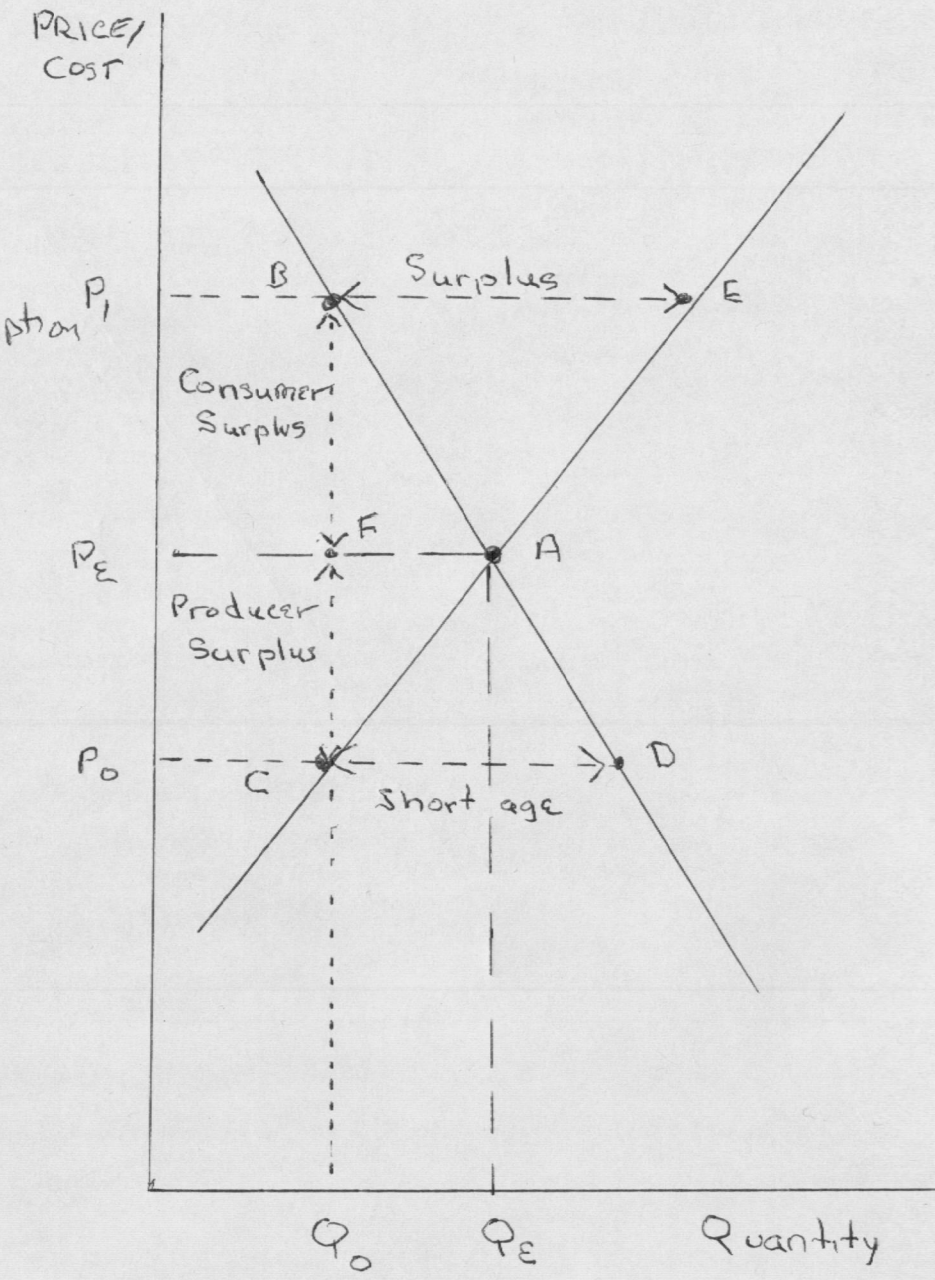
Break Even: MC = min ATC

Long Run

$Q = g(K, L)$ → Isoquant

$C = C_K K + C_L L$ → Isocost curve

$\frac{MP_K}{P_K} = \frac{MP_L}{C_L}$ → equilibrium condition

→ Expansion path

MARKET EQUILIBRIUM