

Industry Supply Slides

Econ 360

Summer 2025



Learning Outcomes/Goals

- 1 Derive aggregate supply in a perfectly competitive market.
- 2 Algebraically calculate the long-run equilibrium number of firms in a perfectly competitive market.
- 3 Utilize firm and market-level graphs to describe how market and firm-level curves shift between the short and long-run.

Where We Are

- ◇ We know whether a firm will produce or shutdown in the short-run.
- ◇ We know whether a firm will remain or exit in the long-run.
 - ▶ We also know if new firms will enter the market or not.
- ◇ If we know a firm's decision, we can also derive aggregate supply in a market.
- ◇ We call this aggregate supply curve the **Industry Supply**.
- ◇ We will learn **why** a perfectly competitive market's industry supply curve is horizontal!