

CONCEPT: CHARACTERISTICS OF PERFECT COMPETITION

- A market is **perfectly competitive** when:

☐ Nature of Good: The goods for sale are _____

☐ Setting Price: The buyers and sellers are both _____

- Lots of buyers

- Lots of sellers

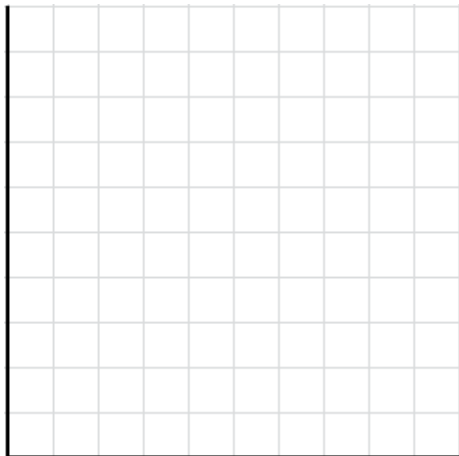
- Each market participant has _____ influence on price

☐ Entry and Exit: Firms can _____ enter and exit the market.

☐ Example Product:

- The demand curve facing the individual firm is different from the demand curve for the entire industry.

Market for Wheat



Individual Firm's Demand



☐ Perfect competition is the only market structure where a firm's demand curve is _____