**Problem:**

A producer of felt-tip pens has received a forecast of demand of 30,000 pens for the coming month from its marketing department. Fixed costs of $25,000 per month are allocated to the felt-tip operation, and variable costs are 37 cents per pen.

**Problem questions:**

a. What is the monthly breakeven in units if the price is $1.00 each?  In revenue? Will the forecast sales be profitable?

b. What price must be charged to earn a monthly profit of $5,000 if the forecast is correct? Is this likely to be happen?

c. What volume is needed at a price of $1.00 to earn a monthly profit of $5,000? Is this likely to happen?

d. What volume is needed at a price of $1.00 to obtain a monthly profit of $.10 per unit? Is this likely to happen?

e. What volume is needed at a price of $1.00 to obtain a monthly revenue of $20,000?  Is this likely to happen?