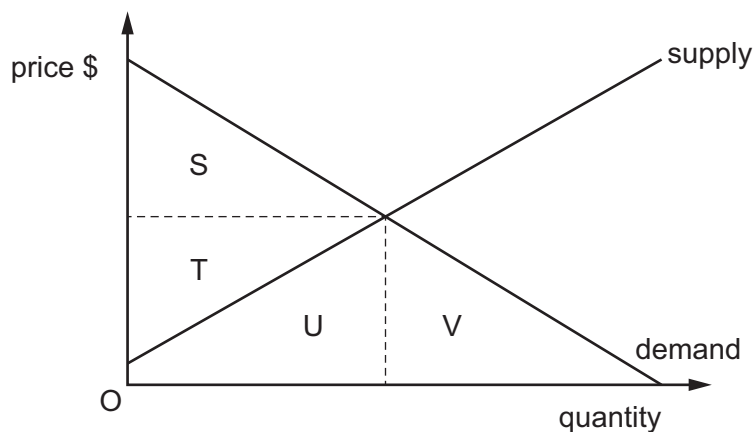


- 7 The diagram shows the market supply and demand for a good.



Which area represents producer surplus?

- A**  $S + T$       **B**  $T$       **C**  $U$       **D**  $U + V$
- 8 Vanilla is an important ingredient in the production of ice cream. Between 2011 and 2018 the price of vanilla increased from about US\$100 per kg to nearly US\$600 per kg. The diagram shows the market demand for and supply of ice cream. The original equilibrium is X.

Which point illustrates the effect of this price rise on the market for ice cream?

