Producer Surplus

S

2

4

6

1

2

3

Producer Surplus =

Total Revenue -Total Cost

18 - 12 = 6

— — —

— — — — — — —

$\text{Cost}=2+4+6$

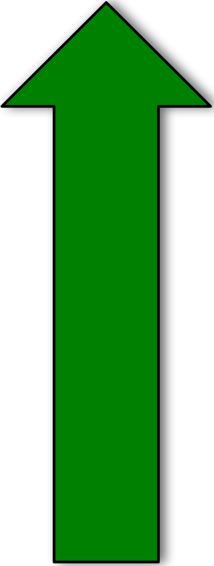
12

= Area above supply and below the price

Profit

Total Revenue =

$6*3 = $18



Distance to Supply = cost of each unit

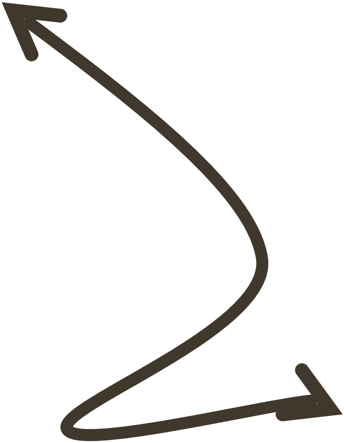
If Price is $6

TR = \$6*3
= \$18

PS = 6

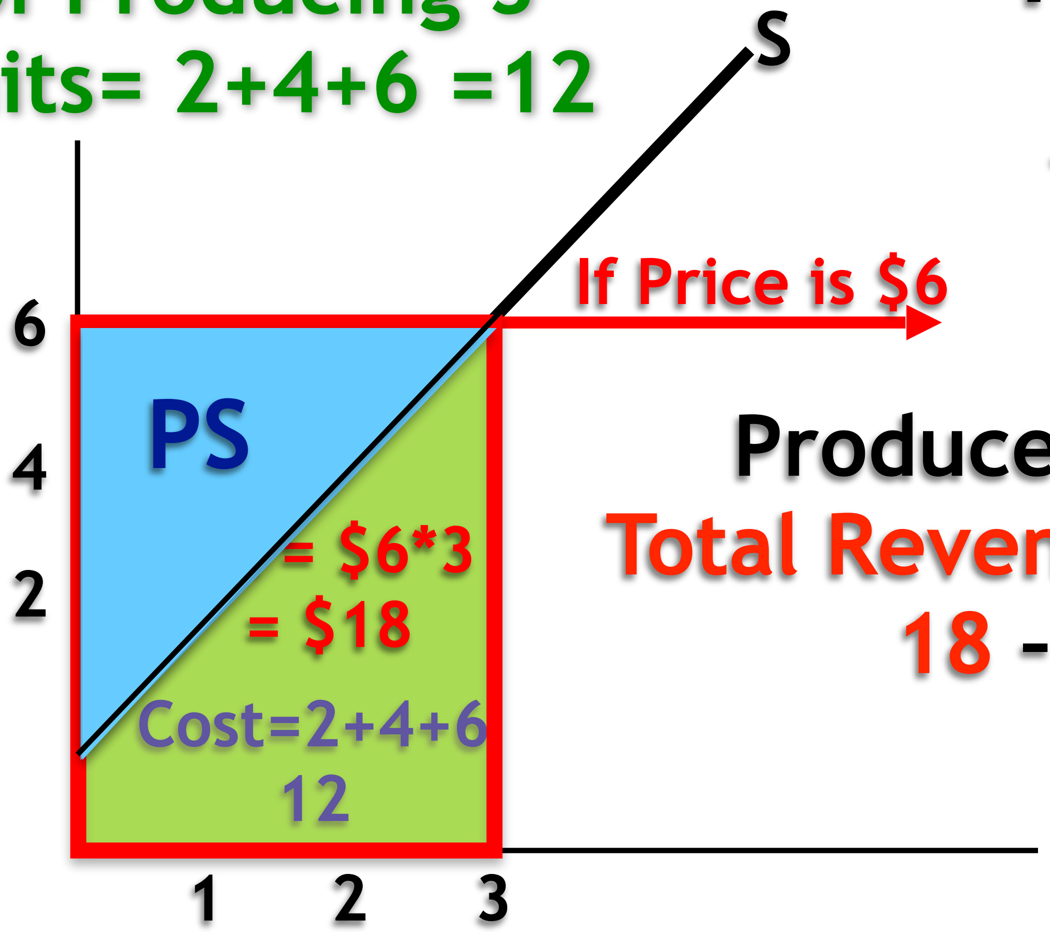
PS

Area = Total Cost of Producing 3 units= 2+4+6 =12



Producer Surplus = Area above supply and below the price

Area = Total Cost of Producing 3 units= 2+4+6 =12



Total Revenue = $6*3 = $18

Producer Surplus =Profit

Total Revenue -Total Cost

18 - 12 = 6

At Equilibrium

CALCULATING CONSUMER AND PRODUCER SURPLUS