

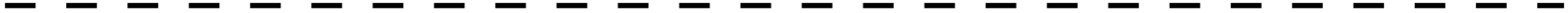


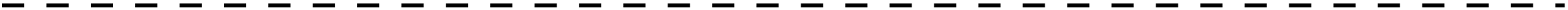
Supply

Price per unit

Quantity Supplied

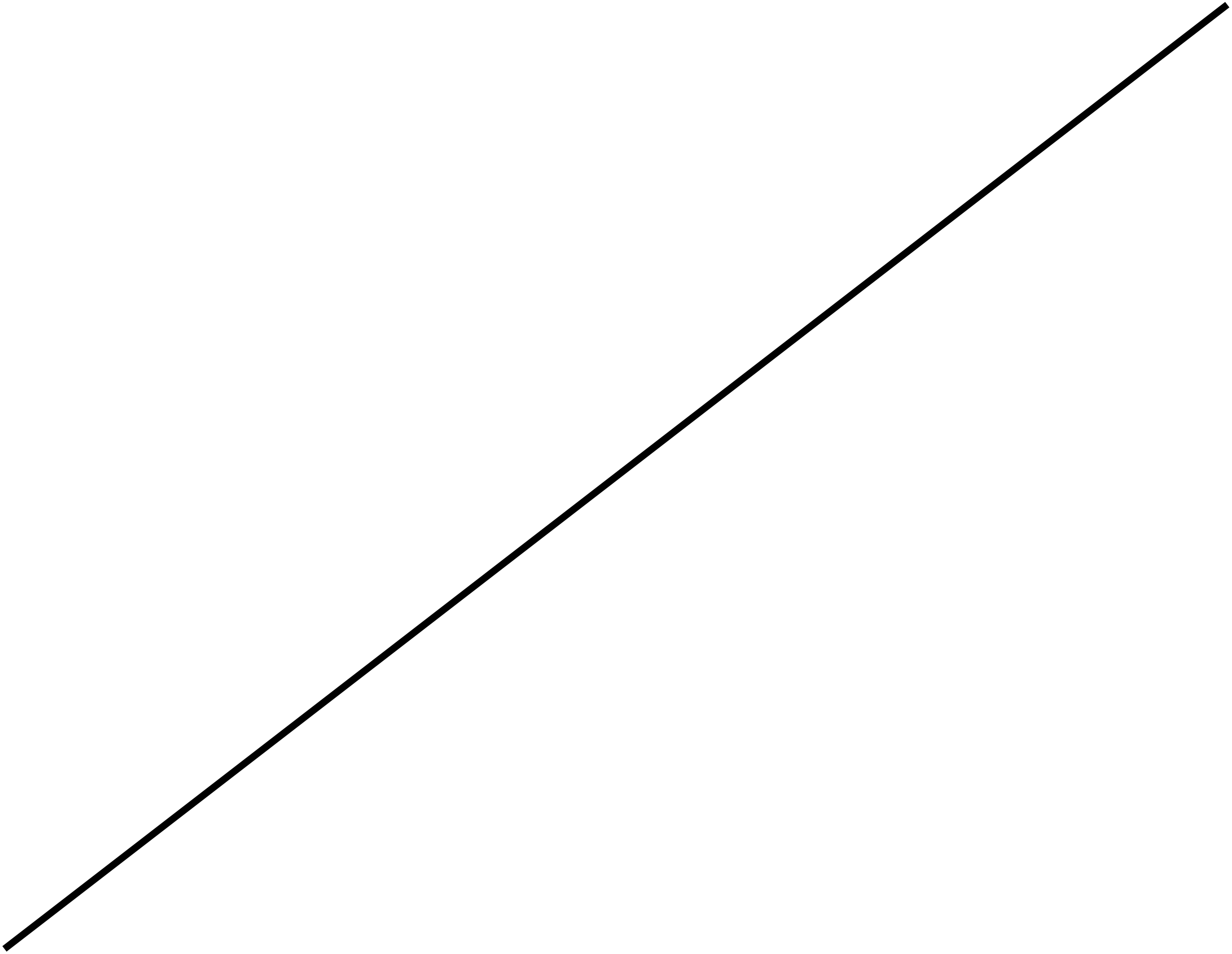








Producer Surplus



20



Producer
supplies 20
units

0.70 ————— If the price is P_0



PS

Base

Height

0.70

0

20



$$\text{Area} = \frac{(\text{Base} \times \text{Height})}{2}$$

To calculate Producer Surplus, calculate the area for this triangle:

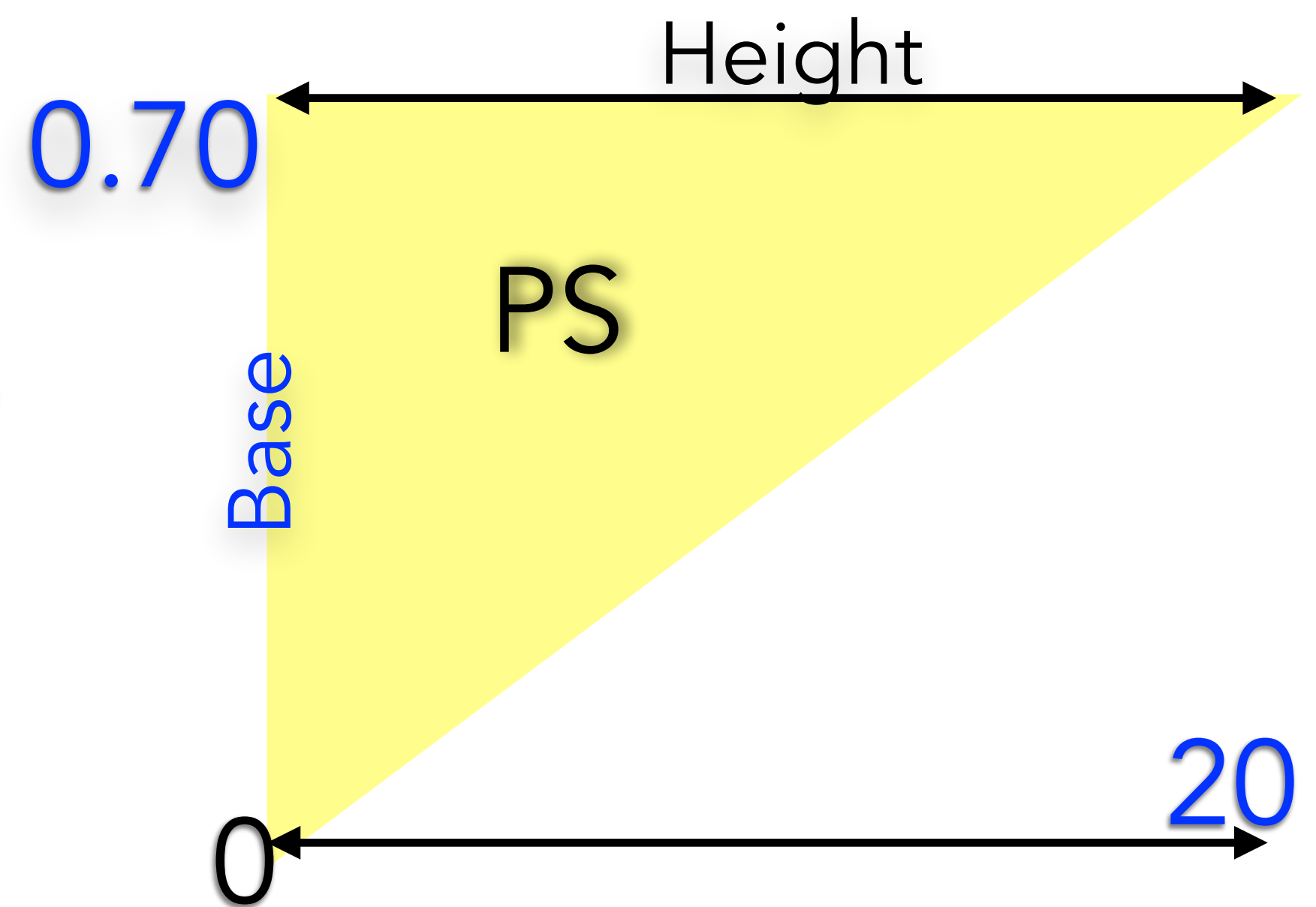
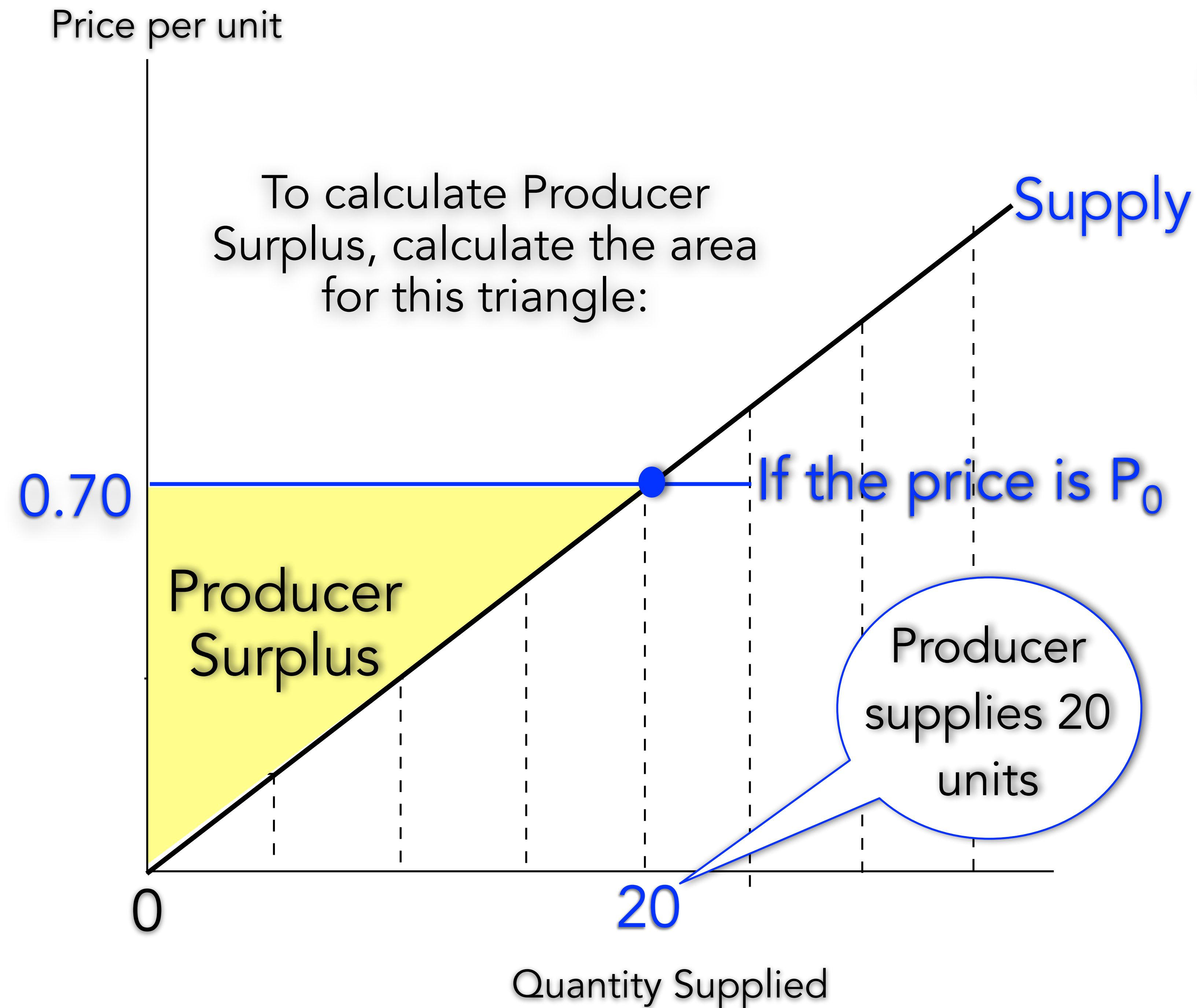
$$PS = \frac{0.7 \times 20}{2}$$

$$PS = \frac{14}{2}$$

$$PS = 7$$





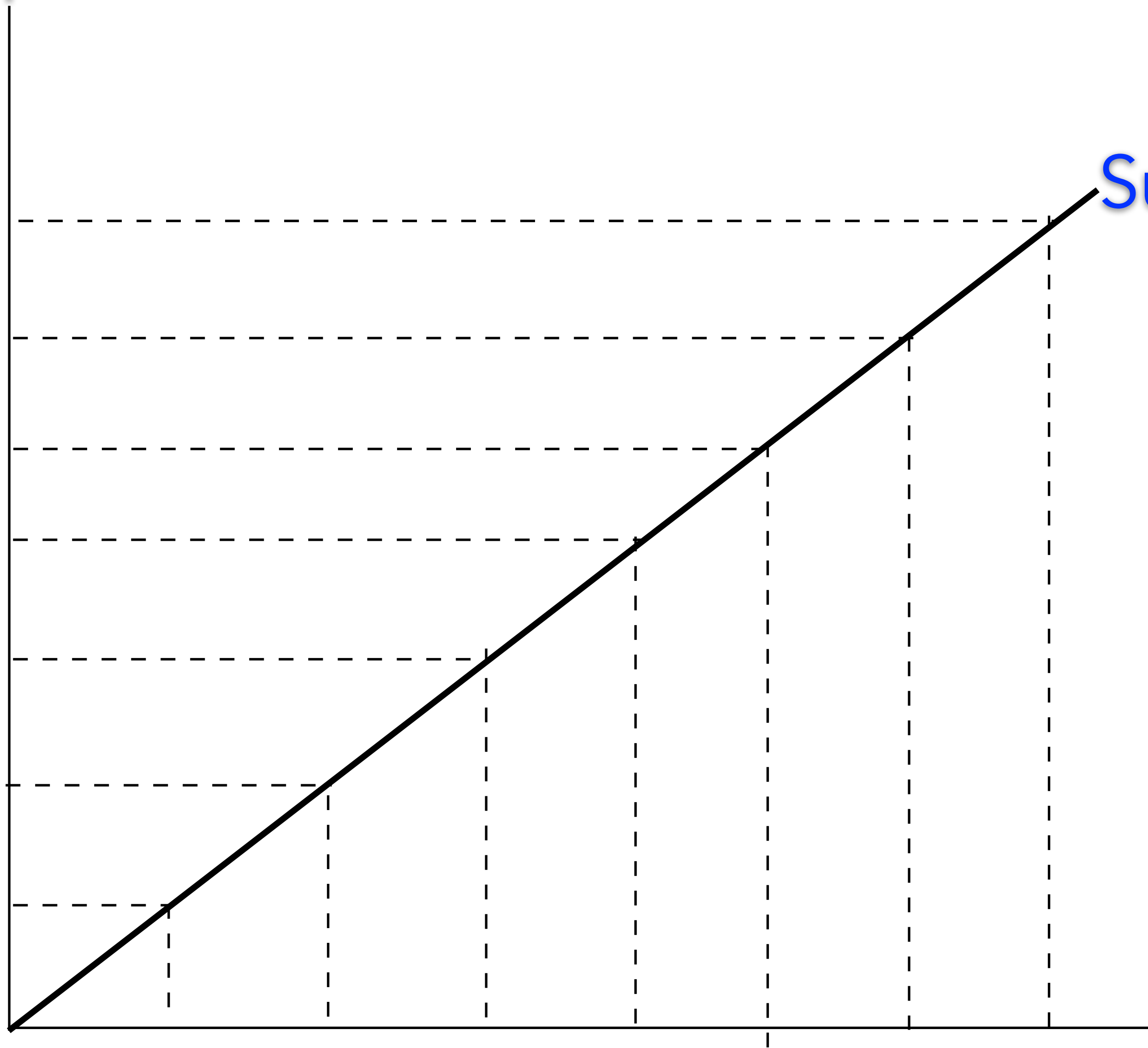


$$\text{Area} = \frac{(\text{Base} \times \text{Height})}{2}$$

$$\text{PS} = \frac{0.7 \times 20}{2}$$

$$\text{PS} = \frac{14}{2} \quad \text{PS} = 7$$

Price per unit



Supply

Quantity Supplied