5

10

15

20

25

0.40

0.50

0.60

0.70

Supply

Price per unit

Quantity Supplied

0.75

0.80

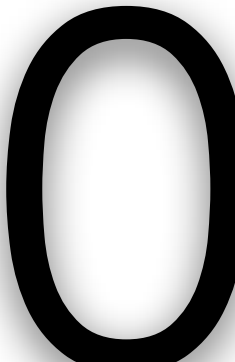
0.90

30

35

Producer
supplies 20
units

This area represents the cost of producing 20 units

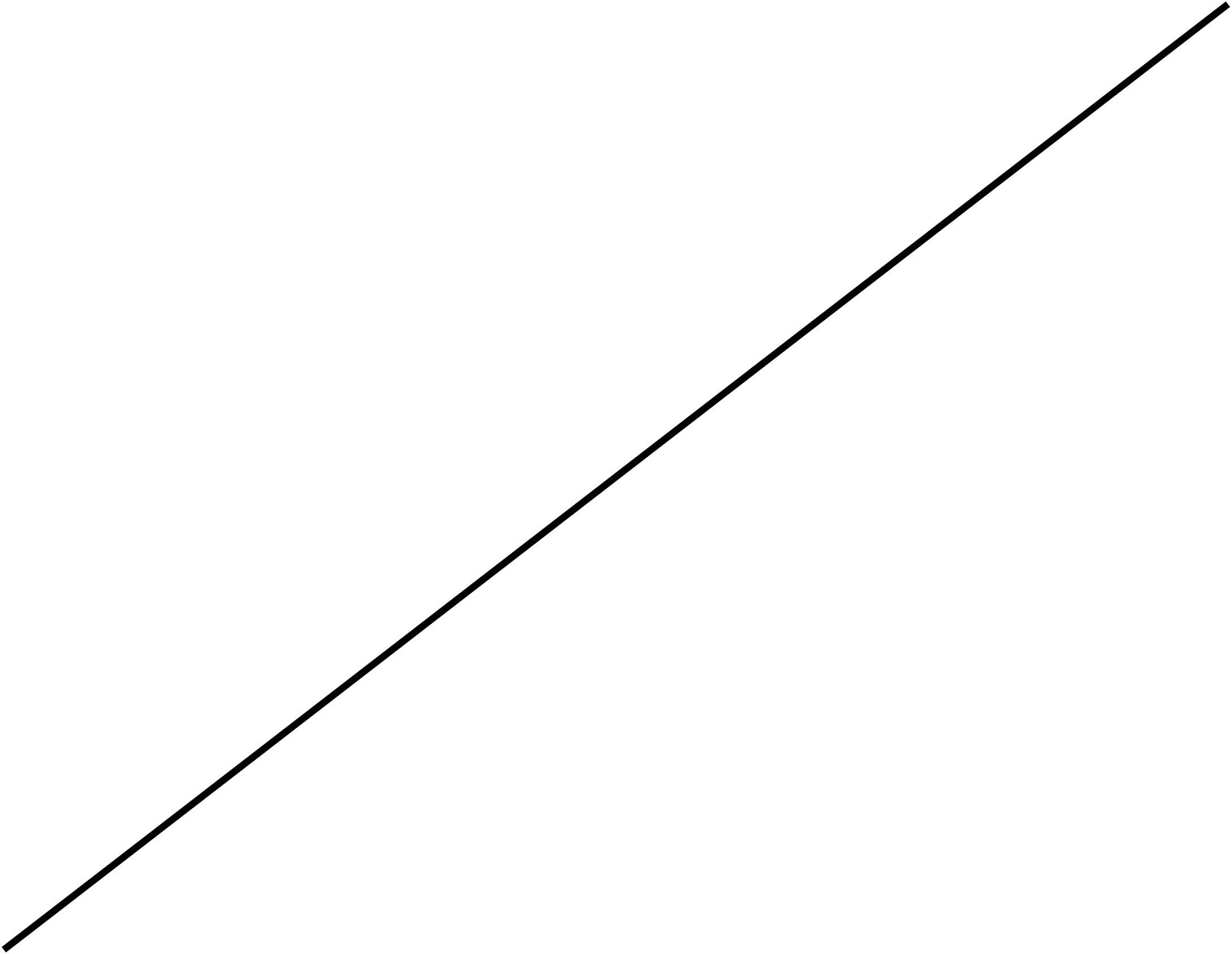


0.70 - - - - - - - - - - - - . If the price is $0.70 per unit

Total Revenue

Total Cost

Total Revenue - Total Cost
= Producer Surplus (Profit)



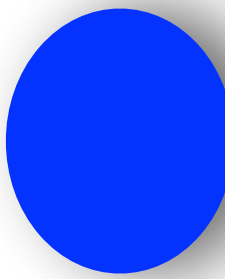
This area represents the Total Revenue collected by the producer:
Price x Quantity

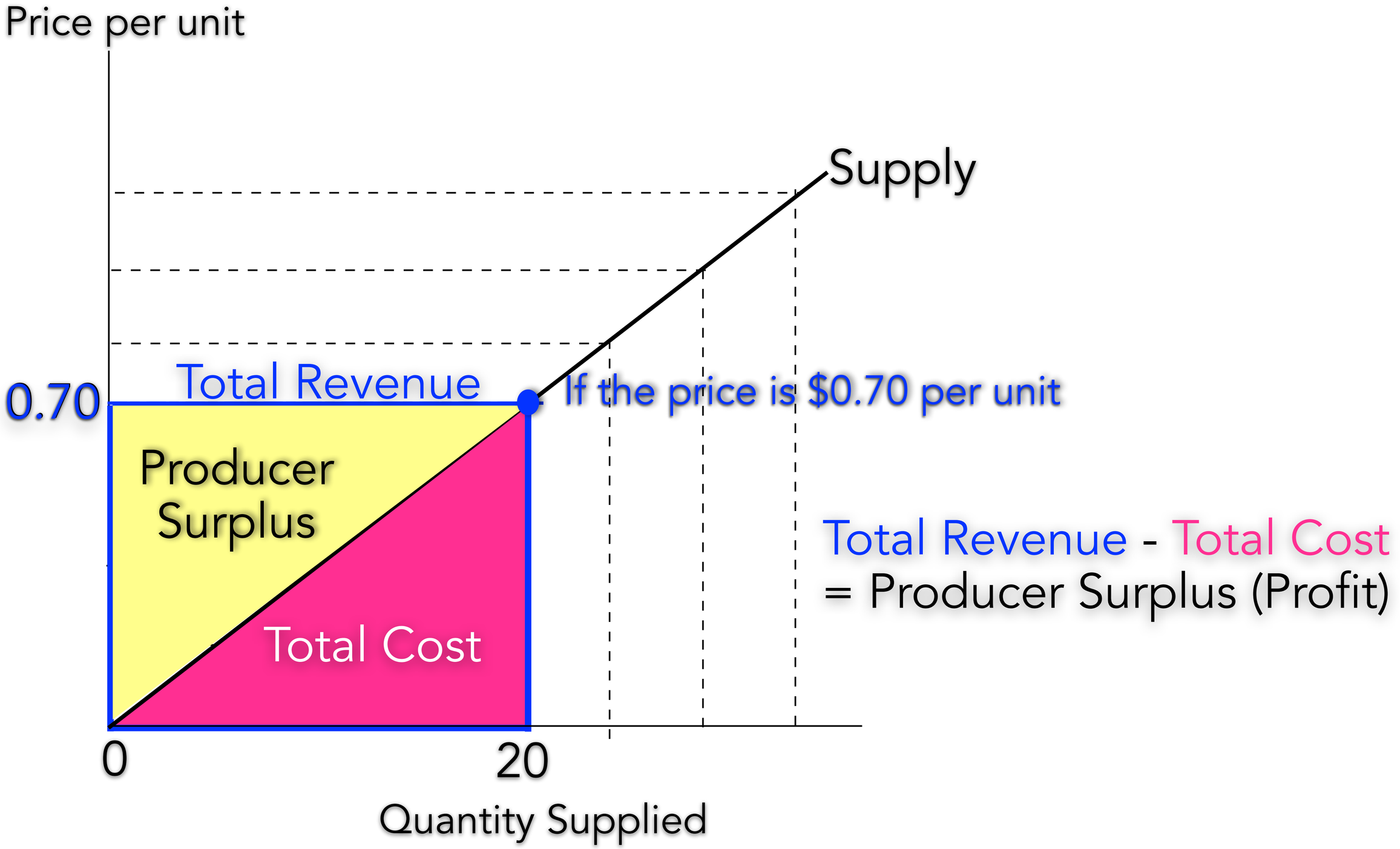
Total Revenue

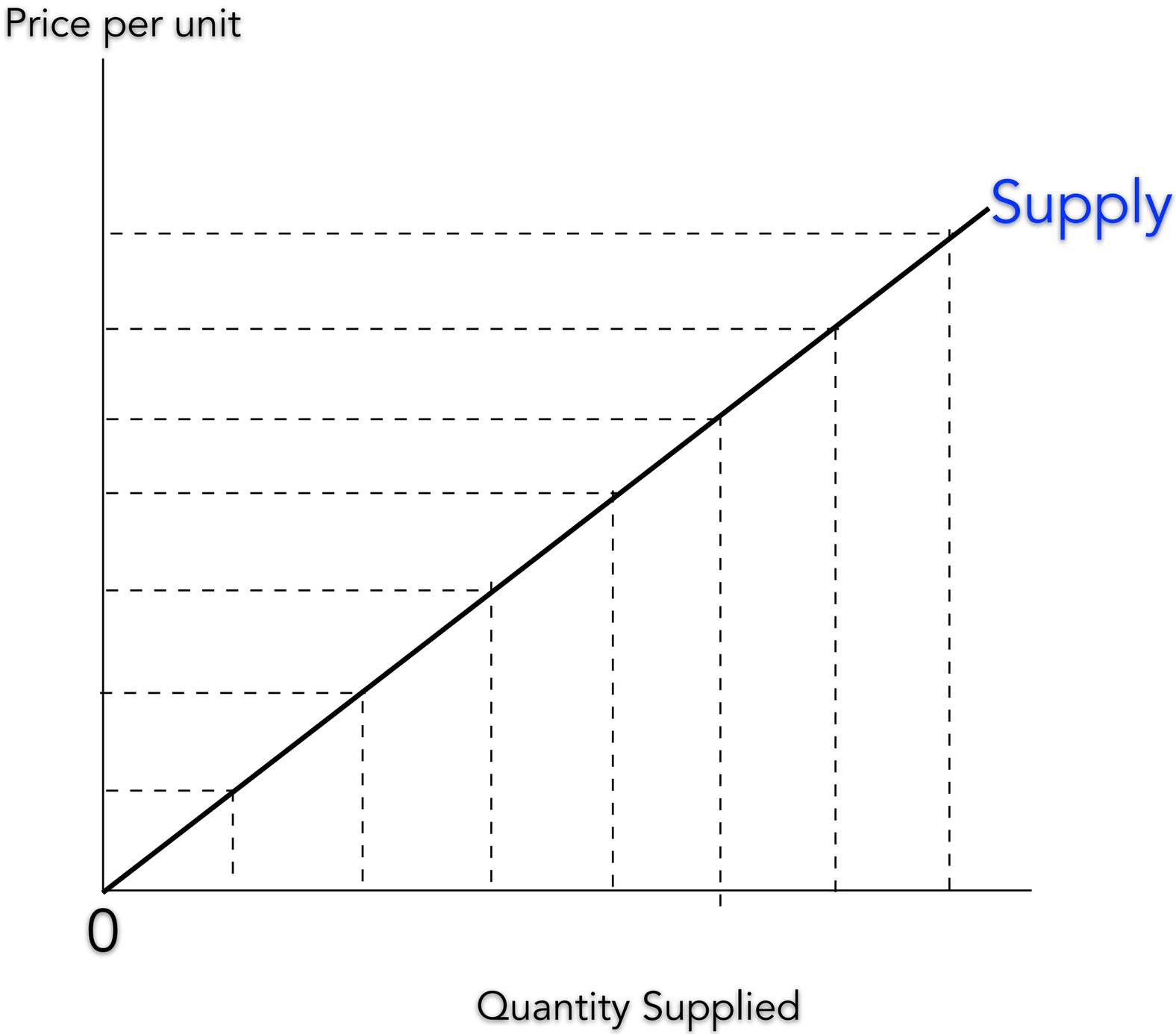
Price x Quantity

0.70 x 20 = $14

Producer Surplus




Price per unit
Supply
0.70
Total Revenue
If the price is $0.70 per unit
Producer Surplus
Total Cost
Total Revenue - Total Cost
= Producer Surplus (Profit)
0
20
Quantity Supplied


Price per unit
Supply
0
Quantity Supplied