Exploration 17 B: Consumers’ and Producers’ Surplus at Market Equilibrium

A. Bring up the file Exploration 17B.xls. This file contains data from consumer and producer market surveys of a particular company’s products. Find the equations for the demand function and the supply functions.

D(x) =

S(x) =

B. How do you find the point where market equilibrium occurs (Hint: Use the difference of the demand and supply functions in Goal Seek (see the How To Guide).

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C. Compute the consumers’ and suppliers’ surplus at market equilibrium .

D. Graph CS, PS, and on the same axes where is the equilibrium price.

E. Suppose the figure below illustrates the consumers' and producers' surplus at market equilibrium of a different commodity than above. Sketch the horizontal line *p* = *p*L, where *p*L is the established price of a commodity that is lower than the equilibrium price *p*. What are the implications for the company in this situation?

F. The figure below illustrates the consumers' and producers' surplus at market equilibrium. Sketch the horizontal line *p* = *p*H, where *p*H is the established price of a commodity that is higher than the equilibrium price *p*. What are the implications for the company in this situation?

