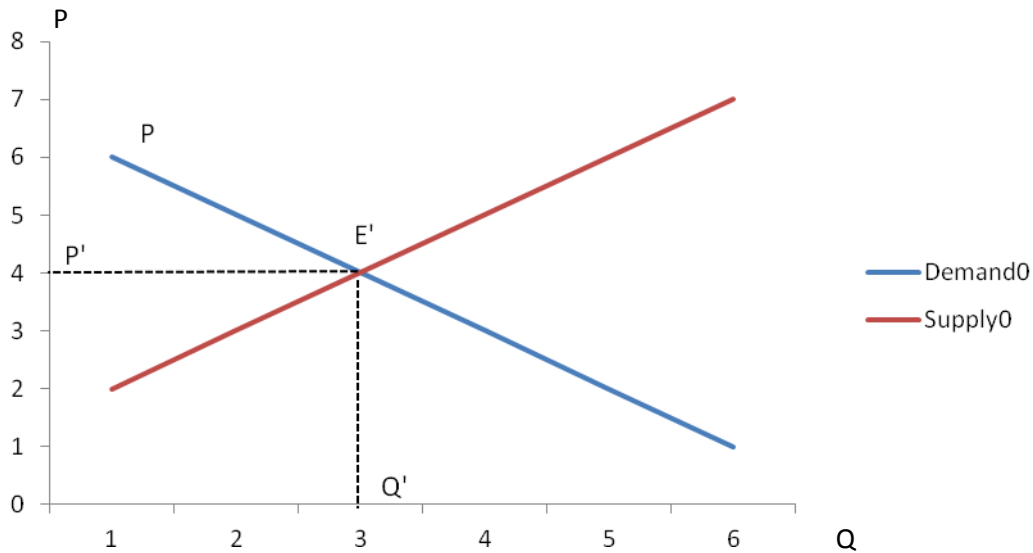


Demand₀ is a usual demand on farmer's harvest.

Supply₀ is a usual farmer supply of his harvest. The diagram 1 shows supply and demand equilibrium if the harvest is usual, which is in the point E'. Point P' is a market price for farmer's harvest, point Q' is a quantity of goods that will be bought (picture 1). Farmer's income I' is the product of P' and Q':

$$P' * Q' = I'$$



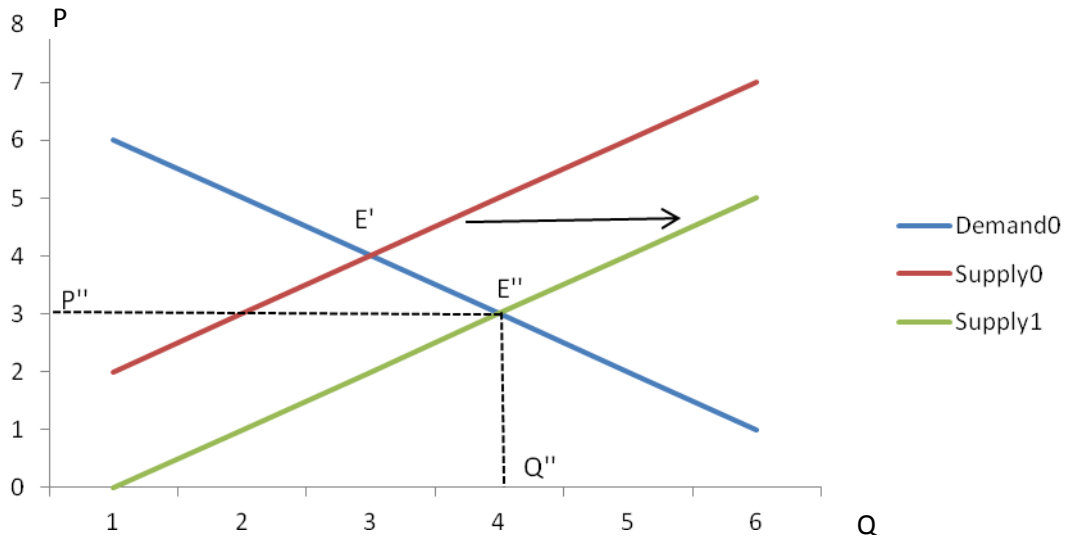
Picture 1

But if farmer's harvest becomes better, its supply increases (line Supply₁), but demand doesn't change. In this situation market equilibrium moves from point E' to point E''. Price and quantity of goods, presented by farmer, change too from P' to P'' (price falls) and from Q' to Q'' (quantity grows). This changes cause farmer's income change from I' to I'' (picture 2). New farmer's income is:

$$I'' = P'' * Q''.$$

Farmer's income generally become lower ($I'' < I'$) because in this situation price changes more, than quantity of sold goods. This calls elasticity and we can calculate it:

$$E = \left| \frac{Q'' - Q'}{P'' - P'} * \frac{P}{Q} \right| < 1$$



Picture 2