**Week 3 Case Study: Microeconomic Analysis: Supply and Demand**

**Overview**

Market demand represents the sum of the individual demand for a commodity (a good or a service) from buyers in the market. If there are more buyers who are willing and able to pay for a commodity, then market demand at each price level will rise. On the other hand, market supplyrepresents the total quantity of a commodity that producers are willing and able to provide to the buyers at a given price level. Market equilibrium occurs where the quantity supplied equals the quantity demanded, and the market price (equilibrium price) is set at that quantity (equilibrium quantity).

The equilibrium price and equilibrium quantity are not static, however, meaning that they change due to changes in market demand or market supply. A commodity that once was popular and its production was profitable, for example, might lose popularity. As a result, its price declines and its profitability declines, too. Whenever the demand for a commodity rises or declines and whenever the production of a commodity expands or shrinks, it is certain that a market force or a set of forces have taken place to cause this change. At the same time, whenever market demand and/or market supply change, the market price and quantity of that commodity changes, too.

Dynamic and free markets are constantly changing due to changes in factors (determinants) that affect either demand, supply, or both. Analyzing and understanding the forces behind the shift in market demand and market supply determines the growth pattern of the commodity.

**Assignment Description**

In this assignment, we are going to analyze the changes in market demand and market supply for a commodity (a good or a service). In addition, we are going to analyze how the changes in demand and supply affected the market price and production of this commodity. To do so, we are going to address the key factors (determinants) that have caused the shift in demand and/or the shift in supply. The goal here is to provide an objective analysis of the forces that have caused this change to better understand the behavior of the market and to determine the potential growth or decline for this commodity. Some of the commodities that have experienced a drastic change (an increase or a decrease*)* in supply and/or demand in recent years are organic foods, cage-free eggs, social media, higher education, online education, healthcare services, online banking, online shopping, DVD players, digital cameras, fidget spinners, health clubs, bottled water, landlines, Cash for Gold, and fried food. You could use one of these commodities for your study or choose one you are familiar with or prefer.

To start, select a commodity that you wish to analyze to determine changes in its market demand, market supply, equilibrium quantity (output), and equilibrium price.

Your research needs to be structured with consistent and clear thoughts. It also needs to be supported by actual data. Your results need to be based on solid facts. Your conclusion and opinion need to be thorough and based on your findings and understanding of supply and demand determinants.

**Writing Style (APA) and Page Number Requirements**

**Font Type**: Times New Roman or Arial

**Font Size**: 12

**Spacing**: Double

**Number of Pages**: Three to five pages, not counting the separate Title page and the separate References page

**Structure and Requirements**

* **Title Page**
  + Title of the paper
  + Name of the author
  + E-mail address of the author
  + Class name
  + Professor's name
  + Date
* **Introduction**
* Describe your commodity and the market that commodity targets (geographic or demographic).
* State when, how, and why the commodity has became popular or less popular.
* State the factors (demand determinants and supply determinants) that have caused its supply and demand to change and how those changes affected it price. Basically, why has demand and supply for that commodity changed?
* **Data**
  + Obtain data from at least three credible sources (not Wikipedia) to provide facts about the changes in demand and supply.
  + Use tables, graphs, and figures to support your argument. You could use figures that show the changes in demand and supply, as well as changes in the market price for the commodity.
* **Analysis**  
  Use the findings from your data section to fully explain the growth or decline pattern of the supply and demand. Is the commodity growing or is it declining, and why? If it is growing, state the factors that led to its growth. If it is declining, state the factors that led to its decline.
* **Conclusion**  
  Provide your own final thoughts, opinion, and understanding of the outcome. Do you believe this commodity is profitable for its producers? Or should they provide something different instead? Or should they modify the commodity? Moreover, if you were to produce this commodity, what would you do to increase your revenue?
* **Reference List**  
  Use at least three professional sources to support your argument. The references need to be in APA format.

To learn more about APA format, click (and hold your CTRL key) on the link below or copy/paste the link into your browser address bar.

**APA Resources:** <http://libguides.devry.edu/c.php?g=181472&p=1194156>