**SUPPLY AND DEMAND IN THE REAL WORLD**

The market price of a product is determined by the supply and the demand for the product. A large supply of an item that no one wants generally results in a lower price for that item. You’ve learned that we can draw a picture of the supply and demand for a product using a graph of the product’s supply and demand curves, and that the market price will be the “equilibrium” price at which these curves intersect. There are also determinants that will affect both the supply and/or the demand for a product, making one or both curves move and creating a new “equilibrium” price.

Now you get to use all this knowledge to analyze changes in the price of a product. Through research, you will explain, using supply and demand, why the price of a product has changed in the last few years, and what future changes are likely to do to the product’s price. You will also draw graphs showing how these changes affect the product’s supply and/or demand, and also show the resulting change in price.

**Specifically, you will perform the following tasks to create two things:**

* **A PAPER, AND**
* **A POSTER OR A POWERPOINT PRESENTATION FOR THE CLASS**

1. Choose an **appropriate** product to analyze. A list of possible products is attached to get you started, but you are not confined to the list. Just make sure that you can easily find price, supply and demand information on the product you choose.
2. Research what the price of the product was two years ago, and what the price of the product is now.
3. Research the reasons why the price changed in the way that it did: did something happen to change the demand for the product? The supply of it? Why? **Fill out an article analysis sheet for the source used.**
4. Draw a supply and demand graph showing the supply, demand and price two years ago AND the changes to any of those items between then and now. In other words, your graph will illustrate the changes you researched in step 3. **This can be done on paper or on a computer. It should be labeled, detailed, and accurate.**
5. Research some reasons why the price might change over the next few years (or sooner). Will demand for the product change? Supply? Why? F**ill out an article analysis sheet for the source used.**
6. Draw a supply and demand graph showing the supply, demand and price now AND the expected changes to any of those items in the future. In other words, your graph will illustrate the changes you researched in step 5. **This can be done on paper or on a computer. It should be labeled, detailed, and accurate.**
7. Write a brief paper (1 to 2 pages, double spaced 12-point type) of at least three paragraphs.
   1. One paragraph will define the product and indicate the price of that product two years ago and the price now.
   2. At least one paragraph will identify the determinants that affected supply and/or demand for the product and changed the price.
   3. At least one paragraph will discuss future changes in the determinants of supply and/or demand for the product and the resulting expected effect on price.
   4. Attach the two graphs called for in steps 4 and 6 above, and all of the article analysis sheets. **Remember to put your name on the article analysis you completed for the paper.**
8. Create a Poster or a PowerPoint for presentation to the class.
   1. Have a clear title that says, ”The Price of” and then the item you researched
   2. Include pictures of the item you chose and the factors that effected its price
   3. Pictures should illustrate ALL determinants listed
   4. All pictures MUST HAVE CAPTIONS
   5. Show the two graphs included with the paper illustrating changes in price

* **YOU must complete at least one article analysis sheet used for the paper / Poster.**

**Grading:**

The individual article analysis will be worth a maximum of 20 points, depending on its relevance and accuracy.

The paper will be worth 40 points and will be graded according to the following rubric:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| CATEGORY | 90 to 100% | 80 to 89% | 70 to 79% | Below 70% |
| Graphs  (10 points) | Both graphs accurately illustrate the shift(s) of the correct curves and the effect on price. | The graphs are correct, but are not properly labeled or are difficult to follow. | One of the graphs is incorrectly drawn. | Both graphs are incorrectly drawn. |
| Analysis  (20 points) | The analysis identifies the correct determinants involved, correctly identifies its effect(s) on supply and/or demand, and correctly describes the effect on price . | One of the three parts of the analysis is incorrect. | Two of the three parts of the analysis is incorrect. | None of the analysis is correct |
| Completion  (5 points) | All parts of the assignment are completed. | One part of the assignment is not completed | Two parts of the assignment are not completed. | Three or more parts of the assignment are not completed. |
| Mechanics  (5 points) | No grammatical, spelling or punctuation errors. | Almost no grammatical, spelling or punctuation errors | A few grammatical spelling, or punctuation errors. | Many grammatical, spelling, or punctuation errors. |

The Poster will be worth 40 points and will be graded according to the following rubric:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| CATEGORY | 90 to 100% | 80 to 89% | 70 to 79% | Below 70% |
| Graphs  (10 points) | Both graphs accurately illustrate the shift(s) of the correct curves and the effect on price. | The graphs are correct, but are not properly labeled or are difficult to follow. | One of the graphs is incorrectly drawn. | Both graphs are incorrectly drawn. |
| Analysis  (20 points) | The pictures identify all of the correct determinants involved, all pictures have captions, and correctly illustrate  the effect on price (goes up or down). | The pictures identify some of the correct determinants involved, some pictures have captions, but incorrectly illustrate  the effect on price (goes up or down). | The pictures do not identify the correct determinants involved, one or two pictures have captions, and incorrectly illustrate  the effect on price (goes up or down). | The pictures do not identify the correct determinants involved, there are no captions, and they incorrectly illustrate  the effect on price (goes up or down). |
| Completion  (5 points) | Poster is completely filled with pictures that are relevant to the project. | Poster is mostly filled with pictures that are relevant to the project. | Poster has some pictures that are relevant to the project. | Poster has pictures that are not relevant to the project. |
| Visuals  (5 points) | Poster is neatly arranged, colorful, and easy to read. | Poster is randomly arranged, somewhat colorful, and easy to read. | Poster is sloppily arranged, not colorful, and difficult to read. | No effort has been made to make the poster visually pleasing or easy to read. |

**PRODUCT IDEAS AND SOURCES OF INFORMATION**

Gas: gasbuddy.com has charts showing changes in the price of gas

College: http://trends.collegeboard.org/college\_pricing/report\_findings/indicator/Tuition\_Fees\_Over\_Time

Roses and other fresh flowers: http://marketnews.usda.gov/portal/fv?&paf\_gear\_id=1200002&rowDisplayMax=25&repType=termPriceDaily&navType=termNav&previousVal=&termNavClass=AO&lastCommodity=&paf\_dm=full&lastLocation=&locName=BOSTON&termNav=1&locAbr=BH&startIndex=1&dr=1 (just choose a flower and plug in the dates for price data

Commodities: http://www.indexmundi.com/commodities/

http://money.cnn.com/data/commodities/

Historical Car Prices:

http://www.carsdirect.com/car-pricing/understanding-new-car-price-trends-throughout-history

New Car Prices: http://www.edmunds.com/

Diamonds: http://www.ajediam.com/investing\_diamonds\_investment.html

Cotton: http://www.cotton.org/econ/prices/

Existing homes in the Lehigh Valley: http://www.bankrate.com/finance/real-estate/pennsylvania-home-values.aspx

Change in existing home prices for the U.S.: http://ycharts.com/indicators/categories/house\_prices

And by state: http://www.bankrate.com/finance/real-estate/home-values.aspx