

Easter egg prices rise assignment



**ASSIGN
BUSTER**

Read the article entitled ‘Easter egg prices rise by around 5 per cent over last year’, Herald Sun, Karen Collier, March 6th 2010 and answer questions 1, 2 and 3. Answer all questions in your answer booklet. Easter egg prices rise by around 5 per cent over last year CHOCOLATE lovers are being slugged more for many of their favorite Easter treats this year.

Manufacturing giant Academy blames a massive rise in world cocoa and sugar costs, and the recession, for average 5 per cent price increases for most of its Easter range.

The impact has added about a cent to scores of top sellers on store shelves. For example, an Academy Dairy Milk Bunny cost \$4.49 last Easter but will set back parents \$4.71 this year. Major supermarkets Coles and Woolworth last night confirmed the wholesale price rises had been passed on to shoppers. Academy spokesman Daniel Ellis said the cost of cocoa had surged 150 per cent in the past three years, while sugar was up 120 per cent. Mr. Ellis said demand had soared during the world downturn, as chocolate was considered a comfort food in times of economic stress.

This, along with more investor interest in raw commodities, had pushed prices skywards. Confectionery Manufacturers Association chief Trash Hyde said the rest of the industry faced similar pressures to raise chocolate prices. Mr. Ellis said many of the company’s 80 Easter products had increased. “Despite our best efforts to keep costs down, unfortunately the increases of raw ingredients continues to rise to unprecedented levels,” he said. ECHOIC Principles of Economics SPIT 2011 Assignment 1 Page 5 of 6 1.

Assuming a competitive market, explain with the aid of the market model how the price and quantity of eggs is established. (5 marks) 2. Assuming pure competition, explain and clearly discuss the factors causing rises in the price of Easter eggs compared to the previous years. Please be sure to discuss and clearly illustrate the equilibrating process. (5 marks) 3. Explain why you think the demand for chocolate Easter eggs is likely to be elastic or inelastic and comment how the rise in price will impact the value of the supplier's revenue. (5 marks) Total: 15 marks

Please remember to include a reference list otherwise you will receive a 1 mark penalty. <http://www.unlearnit.com>. Unless due.

<http://www.unlearnit.com/learningconnection/student/studying/referencing-a-sp-graphs-and-the-reference-list-will-not-be-included-in-the-word-limit> Easter egg prices rise by around 5 per cent over last year. By Kashmir Manufacturing giant Academy blames a massive rise in world cocoa and sugar costs, and the recession, for average 5 per cent price increases for most of its Easter. The impact has added about £ to ICC to scores of top sellers on store shelves.