

Macroeconomics assignment

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According to the article, most of the main problems have to do with the supply side of things with a couple of demand determinants. The biggest problem, and the reason for the article, is to bring to light the decline of the orange-juice market. Main factors in the decline, according to the article, are people are trading and investing less in the market, supply has been compromised in a number of ways (hurricanes, citrus greening, etc. , and also demand is decreasing. One of the biggest problems is the change in consumer tastes. People are choosing to buy other, similar products cause they are healthier according to the article. The title of the article even reads “ Orange-Juice Market Is Getting Squeezed by Changing Consumer Tastes”. The article has more detailed explanations of the problems, but these are the main overall problems the orange-juice market has been facing in the last ten years or so.) The article mentioned a number of determinants of supply, but from my understanding I could only find examples of two demand determinants, those both being the price of related goods and change in consumer tastes. While the other three determinants of demand; Number of Buyers, Income, and Consumer Expectations might play a role in the orange-juice market, there was little to no examples mentioned in this article. According to the article, the number of buyers has not changed, it has no mention of people’s incomes, or what consumers expect from the market.

The article does however mention that “ Americans are drinking less orange juice” and that the “ reason for the slide was the revival of the low-carbohydrate Atkins diet”. This suggests that consumers are changing their tastes to better and healthier foods, which means leaving orange juice

behind. Another thing rutting the orange Juice demand, according to the article, is the “ greater variety in the beverage aisle”. Customers are choosing energy drinks, Veterinaries, pomegranate Juice, and etc. Ever orange Juice. This means that in the mind of consumers, orange Juice is a substitute good for energy drinks and a substitute goods fall under the price of related goods as a determinant of demand. 3) Although the article does not directly state whether the market decline is permanent or short-term, I believe it gives insight that the decline is only short- termed. Most of the declines mentioned in the article happened because of some apply issues.

Some examples include the Florida hurricanes that ruined some crops, the greening disease that destroyed more crops, the switch from personal to electronic trading, the introduction of a health ‘ craze’, and loss of investors. All of these problems added up to a shortage/damage of supply of oranges/orange-]juice. Also the health craze while popular now can change. All these issues can be fixed and as they are fixed or changed, the demand for orange-juice can either rise back to what it was or find its equilibrium.

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