

The basic commodities in the market essay



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The basic commodities in the market always have a significant effect to the entire performance of an economy. Together with other products and services, the price ranges of these items should ideally always provide better alternatives for consumers. The managers of the companies which produce products and services always need to conduct thorough evaluations in balancing the factors of production and the overall value of the product in the entire market.

However, these two main factors are not the only aspects which should be realized. The governmental laws are also key predictors of the prices of any marketed items. In many economies, the law serves as the medium to enable the consumers to avail products for their needs while at the same time provides economic assistances to the manufacturers. Therefore, there will come a time wherein the law may interfere with the pricing regulations of the commodities available in the market.

Of course, there will always be consultations with the producers in order to meet the target price range which will consider the production costs and other expenses incurred in producing a certain type of product. A regulation law may also interfere with how the corporations price their products depending on the rate of supply and demand. " It is impossible to use DCF methods for evaluating investments in research and development. There are no cost savings to measure, and we don't even know what products might come out of our R&D activities."

This is a quote from an R&D manager who was asked to justify investment in a major research project based on its expected net present value. How would

you respond to this statement? Do you agree or disagree? Explain. In response to the manager's philosophy, the claim is very true. Since the Discounted Cash Flow only estimates the characteristic of an investment scheme, it cannot really project a very good evaluation for the process of researching (Investopedia, 2007). Research and development intends to uncover additional information about an already designated fact.

However, it does not readily provide the profitability aspect of a project if the information retrieved can be useful to produce products ready to be marketed. For example, a certain institution may conduct researches about the improvement factor of a product substance which can be integrated into an existing product line. However, it does not readily guarantee that the profit margin can be expected to increase since the market has already stabilized to accommodate a certain price value. Thus, it cannot provide a clear future free cash flow (Investopedia, 2007).