

Economics article review examples

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Discussion

In the article the author provides arguments about the impossibility of the oil price reversal in short-term perspective. Despite the fact that demand and supply do not work every time in modern economic situation, oil and gas are those products that heavily depend on amounts of production and consumption. Thus as shifts happened in both demand and supply, the way back to \$100 per barrel promises to be long and hard.

Nowadays the price is under \$75 per barrel of oil and under \$3 per gallon of gasoline, and the world raises a question when the rebound will happen. The author points out that this shock is unique because both demand and supply moved that led to prices downward movement. Weak economic activity or financial crisis could lead to such a situation but today's background is different. Shale gas revolution caused expansion of oil production, while demand for it in Europe and China began to shrink.

It resulted in large drop in prices. The complete rebound is unlikely since new production facilities in Texas and North Dakota work in full. OPEC's decision not to cut the production also leads to increase of supply. However, there is no enough demand even when oil and gasoline became cheaper. This means that over-supply can lead to further falling of prices making \$80 or \$75 not the last price point on the way to absolute price floor. I agree that in current situation it is difficult even to guess about future movement of oil prices taking into account week consumption and active production. Blitzer, however, shares opinion that “speculation in the media about what price would force a production shutdown varies from \$70 down to \$40 or maybe less.”

Works Cited

Blitzer, D. The Simple Economics of Supply and Demand Suggests Oil Will Not Be Back @ \$100 soon. The Economic Times, 4 Dec 2014. http://articles.economictimes.indiatimes.com/2014-12-04/news/56723401_1_oil-prices-oil-demand-supply-and-demand

Responses

The point of view expressed in the article and in the response of the student is completely clear: the less is crop, the higher are prices. In other words, the less is supply, the higher is price. In the case of fruits, which are perishable, demand does not have a major impact on the price. Instead, such factors as diesel prices and weather conditions have. If the sellers decide to set cheaper prices, they will go bankrupt, thus higher prices for fruits that are in deficit are reasonable. In this case, I think those, who want to spend less, may buy oranges because its crop is sufficient.

The article chosen by the student explained the behavior of Nike in terms of maintaining stable demand for its products. The company sometimes creates a condition that the particular product becomes in deficit in the market.

Some amount of these shoes will be sold by resellers at a higher price. Great sale that will follow in a few months will give others the opportunity to jump on the bandwagon. They use same approach when release large number of newer version of shoes which were in deficit last year. I consider these tactics wise because they allow the company to always maintain consumers' interest to the product and also create competition for resellers.