Market equilibrium assignment

Economics

This assignment will explain the process used to reach market equilibrium by defining and Illustrating the approach to calculating demand schedules and supply schedules, and applying these to a market equilibrium calculation. For the purpose of illustration the following affliction supplier and product will be used: “ Nice Taste” coffee produce and package granulated instant coffee and distribute it or sale in retailers throughout the UK.

Ten different types of coffee are produced including several flavored coffees, decaffeinated coffees, and their top selling “ Mild Breakfast” coffee. Market equilibrium for “ Mild Breakfast” coffee produced by “ Nice Taste” will be explained and calculated In this assignment. Calculation Of Demand Schedule For “ Mild Breakfast” Coffee. A anemia conceals Is calculated Day applying economic tender escalated Walt level of goods and services a customer is “ willing and able” (quote) to purchase in a specific period of time.

Economic theory states that quantity demanded is equal to some function of: the rice of each good, the price of related goods, the income of customers, customer preferences, expected future price of the good, the number of customers in the market. This is expressed as: Sq = f(P, pr, M, T, pee, N) It is possible to simplify this function by holding the price of related goods, the income of customers, customer preferences, expected future price of the good, the number of customers in the market constant over the specific period of time.

Since Pr, M, T, Pee, N would be a constant value for all changes in price and quantity across the time period quantity can be expressed as a direct function of price as follows: Sq f(P) (the quantity demanded is a direct function of the price charged). A number of methods can be used to estimate the actual values for quantity and price for any given product. These actual values can be documented in a table format (a demand schedule) and represented graphically on a chart (a demand curve).

The estimation methods include but are not limited too, experimentations with price changes and measurement of actual quantity demanded, mathematical modeling using the theory of price elasticity, market research (customer surveys), measuring of historical data. For illustration and simplicity experimentation will be used to estimate the demand curve for “ Mild Breakfast” coffee. Demand Schedule Illustration For “ Mild Breakfast” Coffee “ Nice Taste” would like to calculate the demand schedule for “ Mild Breakfast” instant coffee.