

Annotated Scripts, Level 3, 90651

Achievement

Q1 (a)(i)

Response provides a basic explanation of how an increasing exchange rate impacts on supply in the short term. Values required for "Merit"

Q1 (b)(i)

Response does not relate to a market manipulation – a specific action taken to regulate supply. Instead reference is made to a quality requirement and prefixed by the words "may only".

Q1 (c)(i)

Response demonstrates breadth in that reference is made to ability to harvest at any time and ability to be stored negates seasonal influences on supply.

Q1 (c)(ii)

Response focuses on seasons, pasture growth and cattle growth and development but inaccuracies regarding numbers killed throughout the year limit response to "Achieved".

Q2 (a)(i)

Response provides breadth covering several aspects that impact on consumer preference for wool and competing products. Preferences are explained in qualitative terms.

Q2 (a)(ii)

Response is a general account of consumer preferences for meat products. Does not compare beef with other competing meat products.

Q2 (b)(ii)

Response is comprehensive in detailing promotion, prominent sportswoman, and key messages regarding health and impact on demand.

Q2 (c)(i)

Response contains significant inaccuracies on price and reasons for the price. No values provided despite the fact that wool price is expressed in dollar terms.

Q3

Response provides some additional lower level explanation of how market forces affect supply. Stating that the exchange rate can be changed to suit the farmer is a significant error of fact that negates a higher grade.



NEW ZEALAND QUALIFICATIONS AUTHORITY
 MANA TOHU MĀTAURANGA O AOTEAROA



National Certificate of Educational Achievement
 TAUMATA MĀTAURANGA Ā-MOTU KUA TĀEA

Level 3 Agricultural and Horticultural Science, 2006

90651 Explain how market forces affect supply and demand of primary products

Credits: Four

9.30 am Monday 4 December 2006

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should answer ALL the questions in this booklet.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–19 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

For Assessor's use only			Achievement Criteria		
Achievement	Achievement with Merit	Achievement with Excellence			
Explain how market forces affect supply and demand of nationally significant primary products.	<input checked="" type="checkbox"/> Explain in detail how market forces affect supply and demand of nationally significant primary products.	<input type="checkbox"/> Explain in detail how market forces affect supply and demand of nationally significant primary products.			
		<input type="checkbox"/> Justify the key market force affecting supply and/or demand of a nationally significant primary product(s).			
Overall Level of Performance (all criteria within a column are met)					A

You are advised to spend 70 minutes answering the questions in this booklet.

You are advised to spend:

- 30 minutes answering Question One
- 30 minutes answering Question Two
- 10 minutes answering Question Three.



INSTRUCTIONS

This assessment requires you to answer questions related to **TWO nationally significant primary products** that you have studied this year.

Before you select your TWO nationally significant primary products, **carefully read Questions One, Two, and Three**, and ensure that your selections will allow you to meet the requirements of **ALL** the questions.

ENTER YOUR SELECTIONS HERE

Nationally significant primary product (1): Wool

Nationally significant primary product (2): Beef

For **each** selected primary product, explain in **detail** how the market forces listed below have affected the supply and demand for the product:

For Questions One and Three:

Market forces affecting **supply**

- exchange rate
- market manipulations
- seasonality.

For Question Two:

Market forces affecting **demand**

- consumer preference
- promotion
- price.

Use units and values, where appropriate, to help in your explanations.

QUESTION ONE: Market forces affecting the supply of your products**(a) EXCHANGE RATE**

The value of the New Zealand dollar can influence the supply of most primary products.

For each of your selected primary products:

EITHER

as gets higher, our exports are worth less.

Explain, in detail, how the change in the value of the New Zealand dollar during 2006 is likely to impact on the quantity that producers of your selected products would aim to produce over the next 1-2 years

OR

Explain, in detail, why the change in the value of the New Zealand dollar during 2006 will have **little or no effect on the quantity** that producers of your selected products would aim to produce over the next 1-2 years – if you consider this to be the case.

(i) Primary product (1): Wool

Explanation:

As the NZ dollar gets higher, our exports are worth less. Wool^{quantities} will ~~not~~ be affected by the dollar, because the sheep have to be shorn, and ~~shear~~ about the same amount of wool is produced every year. Even with a ~~low~~^{high} dollar, and a low return to the farmer, shearing still has to be done, for the health of the ewe. The farmer may ~~not~~ decide to ~~shear~~^{shear} once a year rather than every ~~six~~^{eight} ~~months~~ months but it still wouldn't have a large affect of the quantity produced.

(ii) Primary product (2): Beef.

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Explanation:

The N7 dollar won't have a large affect on the quantity of beef produced, because the farmers with young stock are going to continue ~~but~~ sending them to the meat works, when ~~they~~^{they} are steers or heifers because this is when they are most profitable. If they hold on to them to be older, they won't receive any more money, even though the dollar is high.

A

(b) MARKET MANIPULATIONSAssessor's
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Governments, producer organisations, and large processing companies can manipulate the quantity and/or timing of the supply of primary products from the producers.

For **each** of your selected primary products:

EITHER

Explain, in detail, how a **specific** market manipulation is able to **change the quantity and/or timing** of the product's supply

OR

Explain, in detail, why market manipulations have **little or no effect on the quantity and/or timing** of the product's supply – if you consider this to be the case.

(i) Primary product (1): Wool

Explanation:

The quantity could be manipulated by setting stricter standards on the 'colour' of the wool. They may only accept the wool that has a very low 4-7 value - which determines the colour of the wool. A low value meaning a very white colour. This may reduce the quantity of the product supplied.

N

(ii) Primary product (2): Beef

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Explanation:

The quantity may be affected by stricter rules being enforced on animal health products like drenches. The animals that have been treated with these drenches may not be accepted at the meat works resulting in a decrease in the ^{quantity of beef supplied.} supply of beef.

N

(c) **SEASONALITY**

Seasonality of production is an important market force affecting the supply of many plant and animal products.

For **each** of your selected primary products:

EITHER

Explain, in detail, how seasonality of production **influences the supply** of the product to markets throughout the year

OR

Explain, in detail, why seasonality of production has **little or no effect on the supply** of the product to markets throughout the year – if you consider this to be the case.

- (i) Primary product (1): Wool

Explanation:

Wool^{supply} has little effect from seasonality, cause wool can be harvested really at any time of the year. Its up^{to} the farmer to decide when the best time is for ~~the~~ their stock. The supply isn't seasonal cause its a non-perishable product and can be stored until it is needed, in a large shead.

(ii) Primary product (2): Beef

Explanation:

Seasonality affects beef cause, they need to be sold to the meat works when they are in their peak condition. With enough muscle & enough fat. The best time to ~~to~~ sell beef cattle is during spring and summer, when they can catch the grass growth and finish growing completely, before they are killed.

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A.

QUESTION TWO: Market forces affecting the demand for your products
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(a) CONSUMER PREFERENCE

The preferences shown by consumers for primary products can change over time, and as a result the demand for the product may change.

For each of your selected primary products:

EITHER

Explain, in detail, any **trend** in consumer preference over the past 3–4 years, and how this has affected the demand for your product.

OR

Explain, in detail, why consumer preference has had **little or no effect on the demand** for your product – if you consider this to be the case.

(i) Primary product (1): Wool

Explanation:

~~The~~ A lot of people building or renovating homes, and deciding whether to use wooden flooring or carpet. And if carpet, whether to use synthetic or wool. With wooden flooring becoming very popular with its stylish, easy care nature. The demand for wool carpet has slowly been reducing. Also with synthetic carpets being able to produce brighter, 'new age', colours than wool carpet. Also with a large population living in warmer climates, the need for carpet is greatly reduced.

M

(ii) Primary product (2): Beef

Explanation:

Trends for beef, have affected the demand for it. With new, fun, adventurous cooking taking hold of the world, people find it a lot of fun to experiment with different foods and different styles of cooking. Beef is so versatile, and healthy that it is a common ingredient in many recipes. Many ~~new~~ ^{new} cuts ^{of meat} have been developed to cater for this ~~new~~ new craze, and have been very popular. As a result of this the demand for beef has increased.

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(b) PROMOTION

Different forms of promotion are used by producer organisations, processors, and producers to increase consumer demand for primary products.

For each of your selected primary products:

EITHER

Explain, in detail, how the product is promoted in order to increase consumer demand for it.

OR

Explain, in detail, why promotion of your selected product is **not attempted** – if you consider this to be the case.

- (i) Primary product (1): Wool

Explanation:

Wool, especially Merino wool through 'Icebreaker', has received lots of promotion, to increase its demand. In the early days of 'Icebreaker', they got the late Sir Peter Blake, to wear ^{off} their garments around the world, on one of his sea endeavours, he said he wore it for 43 days straight and it didn't smell at all. I feel this ~~is~~ was fantastic promotion, and ~~that~~ that it would have gotten the ~~Icebreaker~~ brand name out in the open, and people would ~~be~~ want to see this amazing product. They use high profile people to wear their products and promote them.

(ii) Primary product (2): Beef.

Explanation:

Beef has been promoted by the new "Red meat Feel Good" campaign to let people know that beef & lamb, are healthy meat, that have a lot of protein and iron, that we all need. The 'Ever-Swindell' twins are gold medal rowers, have been promoting the red meat, with their very high profile. They say eat red meat 2-3 times a week and "feel twice as good". This makes people think that ~~it~~ it is a great food & want to buy it.

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(c)

PRICE

Price is the dominant market force influencing consumer demand for most primary products.

For each of your selected primary products:

EITHER

Explain, in detail, how average market prices over the last three years have **affected the demand** for your product

OR

Explain, in detail, why the average market price has had **little or no effect on the demand** for your product – if you consider this to be the case.

(i) Primary product (1): Wool

Explanation:

~~The average market price has little or no effect on the demand for wool because, only the people who can afford to buy the wool products~~

Demand has little affect on wool because, it will have a constent price set for garments to be sold for. The price is always quite high for wool products because it is a very labour intensive fibre. The demand for the products may result in a small decrease but nothing substantial.

(ii) Primary product (2): BeefAssessor's
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Explanation:

The price
could have
increased
over the last
years, with
a steady
low decrease
of beef
cattle numbers
in New
Zealand.

Beef is natural quite an expensive meat. As it does take quite a few ~~of~~ labour ~~of~~ intensive practices to produce to meat. That cost has to be added into the cost for the meat, or the grower wouldn't receive a profit. With a high price, low income families may resort to buying ~~of~~ chicken instead of beef because of the cost difference, of chicken regularly being cheaper. Although they ~~of~~ may ~~of~~ buy mince, but it isn't a very ~~of~~ profitable cut, compared to a steak.

↓
for the
sellers.

This may result in a decrease of demand for chicken.

A

QUESTION THREE: A key market force affecting supplyAssessor's
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Read the question below, and then select ONE of the primary products you used to answer Questions One and Two.

Selected primary product: Wool

Consider the market forces affecting the **supply** of your selected primary product:

- exchange rate
- market manipulation
- seasonality.

EITHER

Select ONE that you consider to be the **key** market force affecting the supply of the product. **Justify** the selection of this market force by explaining why it has a greater influence on the **supply** of the product than the other market forces.

OR

You may consider that there is no **key** market force affecting the **supply** of the product. **Justify** your opinion by explaining why TWO or more of the market forces listed above are of similar importance.

Selected key market force(s): Seasonality & Exchange Rate.

Justification:

Out of Exchange Rate, Market Manipulation and seasonality, none of them are key market forces affecting the supply of wool.

In my opinion, the Seasonality and the Exchange Rate are of similar importance, because wool is a non-perishable product.

Wool is able to be shorn off at any time of year, ~~because~~ and its up to the farmer to decide when the best time for them is, for this to be done.

With the exchange rate, ~~the~~ influencing the New Zealand dollar, it will ~~be~~ ^{be} increasing and decreasing how much the New Zealand farmers will receive for their wool, when they export it. ~~But also~~

The farmer is able to decide to store the wool in a large shed, until ~~it~~ they are ready to sell it, if it is when the exchange rate is better or not.

Overall, the seasonality & exchange rate, ~~these~~ are of similar importance, cause both are able to be changed, to suit the farmer, and the supply won't be affected because, ~~even~~ eventually the wool will be put onto the market, its just a question of when.