Excellence

Q 1(a)(ii)

Response highlights values and the relative unresponsiveness of feijoa production, in the short term, to changes in the exchange rate.

Succinct, clear explanation.

Q1 (b)(i)

Response establishes clear linkages between the Australia/USA free trade agreement and its flow on effects on NZ supply to Australia. Accurate values used to support explanation.

Q1 (b)(ii)

Response clearly explains how the relatively low volumes produced for export does not justify a significant marketing organisation.

Q1 (c)(ii)

Response clearly explains how indoor production and storage negate the influence of seasonality on supply. Could have emphasised the all year round polyestrous breeding cycles of pigs.

Q2 (a)(i)

Response supported by data that supports trend in consumer preference. Response highlights virtues of pork rather than deficiencies in other competing meats.

Q2 (b)(ii)

Response provides a concise explanation of why promotion is not attempted.

Q2 (c)(ii)

Response was awarded "Merit" but on reflection the reason why the price increase has not adversely affected demand has not been clearly established. Evidence from Q2 (a)(ii) may have been used in the judgement.

Q3

Response provides evidence of analysis of information relating to the market forces under consideration. In doing so comparisons of their relative importance to supply is explained while critical thinking has been shown when considering some unknowns such as movement in the exchange rate.





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.

Achievement	Achievement with Merit Explain in detail how market forces affect supply and demand of nationally significant primary products.	Achievement with Excellence
Explain how market forces affect supply and demand of nationally significant primary products.		Explain in detail how market forces affect supply and demand of nationally significant primary products.
		Justify the key market force affecting supply and/or demand of a nationally significant primary product(s).

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): Pork

Nationally significant primary product (2): Feijoas

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

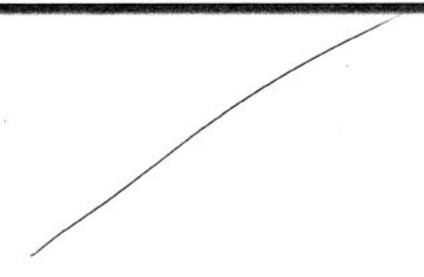
- exchange rate
- market manipulations
- seasonality.

For Question Two:

Market forces affecting demand

- consumer preference
- promotion
- price.

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



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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

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.

Explanation:

The New Zealand dollar has weakened in 2006 from \$USO.70 to \$USO.66.

This makes imported pork relatively more expensive to New Zealand consumers encouraging an increase in the supply of New Zealand pork. Producers will own to increase supply from the current \$1900 tonnes. Esupply is predicted to increase by 5% over the Next 2 years (SonzAF report 2006)

(ii) Primary product (2): Fei cas

Explanation:

The weakening of the NZS from SUSOZO to SUSO.66 will not impact on the quantity of feijoas supplied over the next 1-2 years. the it may encourage While a sustained weakening of the SNZ may encourage growers to expand orchards feijoa trees take around Syears to mature and as a consequence it will be impossible forms producers to

supply over the next 1-2

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MARKET MANIPULATIONS (b)

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:

53 000 tonnes

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.

Primary product (1): Pork (i) Explanation: Australian free trade agreement 51900 tonha

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Explanation:

Market manipulations have very little effect on the quantity of supply. The \$0.18 for levy per kg of fruit in the US only affects approximately 16 tonnes out of 4000 tonnes of fruit supplied each year. The supply of export fruit has remained stable over the past 5 years. There is no single large processing companies or grower organisation that can influence supply associated with the feiror.

(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

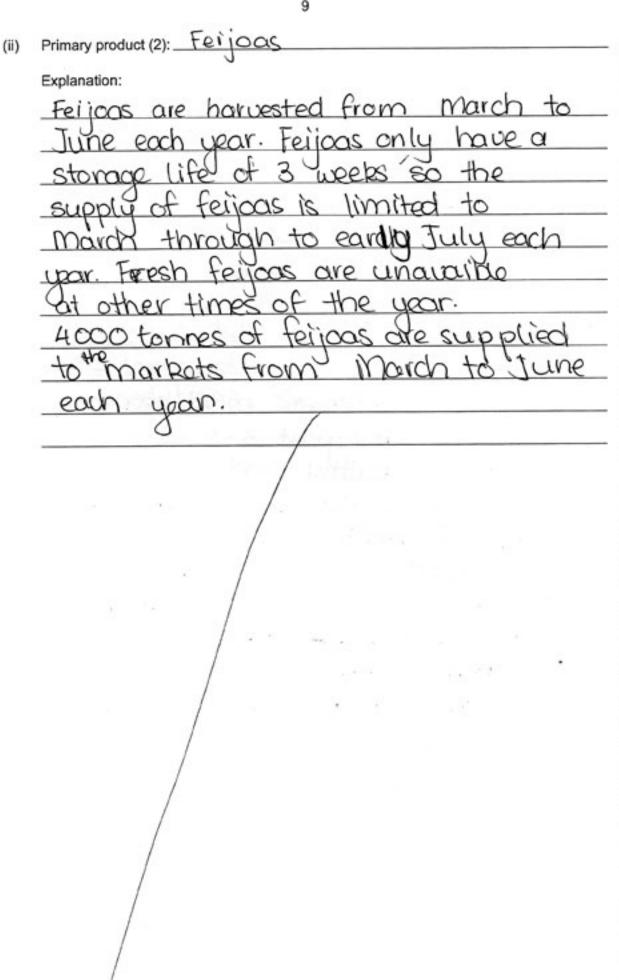
OR

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.

F	Primary product (1): Pork
	Explanation:
	Pork is unaffected by seasonality as
	it is produced indoors under
	crontrolled conditions. Pork can also
	be stored frozen for up to 6 months
	Therefore as seasonality of pork
	doesnot affect supply, the supply
	remains constant at approximately
-	remains actions as apploantment
	4000 tonnes per month.
-	
-	

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QUESTION TWO: Market forces affecting the demand for your products

(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

(i)

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.

Primary product (1): Pork
Explanation:
Consumers have become more health
concious over the past 3-4 years.
Demand for healthy products has
increased the demand for park products
such as TrimPork m which carries
the Heart Foundations Tick. New
realand consumption of park has
grown by 15% and the since 2003
and see currently we consume .
20.8 kgs of pork per person per year.

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(ii) Primary product (2): Fei joos

Explanation:

in

2003.

Consumers have become more health concious over the post 3-4 years. Consume are also more willing to try exotic unknown flavours. As feijous are a healthy fruit and remain 'undescovered' by many people demand has increased by 5% over the post 3 years.

New Zealanders now consume over.

1000 tonnes of feijous per your se increased from People 800 tonnes

(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): Pork

Explanation:

Promotion by the New Zealand
Pork Board including T.V. commercials
with Mike King and park products
featuring on It Food in a Minute'
as well as in the "N2 womans weekly"
encourage consumers to use a variety
of pork products and promote healthy
options an new pork products such
as Trimpork Im. Promotion has helped
to increase consumer demand by 15%
to 20.8 kg per person per year.

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(ii) Primary product (2): Feijoas

Explanation:

Promotion of feijoas is not attempted. The lack of an overarching single producers board means that it is up to individual producers to promote their own pres feijoas which is not attempted due to the costs involved. Feijoas as a national product will remain un promoted until feijoa producers organise a board responsible for the promotion of feijoas.

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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.

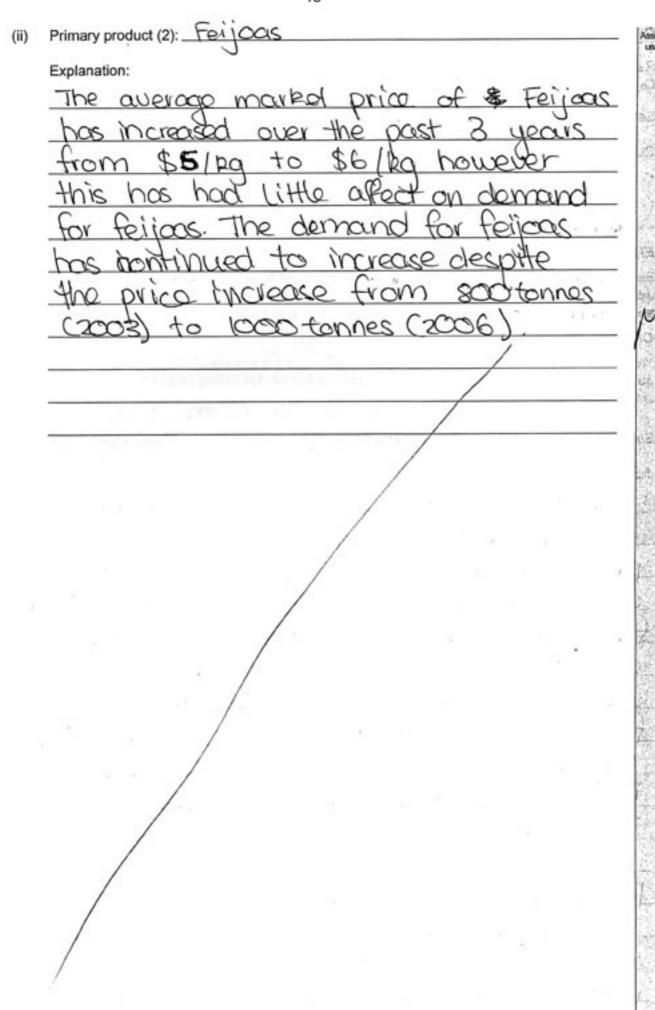
Explanation:

The price of pork has been forced down from approx. \$10/kg to \$7/kg?

over the last three years due to an increase of cheap Australian pork on the New Zealand market. As pork prices are now competitive with other meent products the demand for pork has increased by 15% to 20.8 kg per person per year (2006).

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QUESTION THREE: A key market force affecting supply

Read the question below, and then select ONE of the primary products you used to answer Questions One and Two.

Selected primary product: Feijcas

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.

as they can. The minute market manipulation of the \$0.18 levy by the US government has with effect on the total supply. The fact that seasonality (i mits the supply of feijous from March to early July each year his per greater influence on supply than the supply
Changes in the exchange rate can influence the supply of feijoas to the export market. However the weakening of the 5N2 must be sustained over / a long period of time (s-10 years) in order for feijoa growers to plant more trees. Feijoas take S years to mature so any change in supply is going to be over a longer time period. Changes in the exchange rate only affect the supply of the export feijoas which is a minor part of the feijoa industry (only 16 tonnes are exported out of How Zelanck feijoas (Happy) are produced from march to June each year has a bigger influence on supply of feijoas than the exchange rate.
Seasonality is the Rey market force influencing supply as it limites the supply of feitoss from March to

Extra paper for continuation of answers if required. Clearly number the question.

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Question number a therefore