

ECO 120: Macroeconomics
Homework: Supply and Demand
Due Tuesday, February 17 by 12:00pm

Read the following NPR article on the market for orange juice:

<http://tinyurl.com/florida-oranges>

Suppose you are a market analysis employed in the orange juice industry in Florida. Use your knowledge of supply and demand, and write a brief SWOT analysis that will help industry leaders understand the dynamics in the market for orange juice, in order that they may make the best decisions.

A **SWOT analysis** is a structured planning method that describes **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats of a business project or business environment, for the purpose of best informing business leaders so that they may make the best decisions.

In your SWOT analysis, consider the following concerning the supply and demand for orange juice:

- The beginning of the article describes the recent behavior of the quantity and price of orange juice. While there are a lot of factors discussed in the article that are influencing both supply and demand, what must be the dominant driver in the market? Describe this change in terms of the supply and demand model, and describe the cause for this change in the orange juice market as it is discussed in the article. How might this change be affecting the bottom line for orange juice producers?
- The article suggests a possible *threat* is a change in the public's perception of how healthy orange juice. Describe what this change in perceptions is and use the supply and demand model to describe the impact on the market for orange juice.
- The article suggests that *increased competition* among other juices is a *threat* to the orange juice market. Describe why this may have happened in terms of your analysis of the previous question and the one of the reasons demand curves are downward sloping.
- The article discusses an *opportunity* for better marketing orange juice. If this can be successful, describe the impact on the market for orange juice in terms of the supply and demand model. How will this affect the bottom line for orange juice producers?
- The article discusses an *opportunity* to grow disease-resistant orange trees. If this can be successful in the long term, describe the impact on the market for orange juice in terms of the supply and demand model. How will this affect the bottom line for orange juice producers?

It would be most convenient to structure the SWOT analysis in five short sections:

1. Introduction (I suggest 1-3 sentences)
2. Strengths
3. Weaknesses
4. Opportunities
5. Threats

Please keep your analysis brief (2-3 pages, double spaced), concise / non-repetitive, and have your conclusions clearly supported by supply and demand theory and information in the article.