

**Final Exam Review
(Fall 2009)**

1. Review Answer Keys for Exam I, Exam II, and Exam III

- a. Functional, Institutional and Behavioral Approaches to Study Ag Marketing Issues
- b. Review How Market Power and Economics of Scale May Impact Food Prices
- c. How are Changing Demographics and Consolidation Affecting Food Markets?
- d. Distinguish Between the Marketing Bill, Marketing Margin, and Market Basket
- e. Index Number Components and Interpretation
- f. What is the CPI and How Do Economists Use the CPI?
- g. Real vs Nominal Prices
- h. Demand and Supply Elasticities – What do they Measure? Interpretation of Elasticities
- i. Price Flexibility Coefficient
- j. Relationship of Price Elasticity of Demand and Total Revenue
- k. Substitutes vs Complimentary Goods
- l. Normal vs Inferior Goods
- m. Movement vs Shifts in Supply and Demand Schedules
- n. Factors Impacting Supply and Demand Elasticities
- o. Derived vs Primary Demand/Supply
- p. Recent Supply and Demand Factors Impacting Food Prices
- q. Classification Criteria for Distinguishing Various Market Structure Models
- r. Perfectly Competition vs. Imperfect Competition Models, Benefits and Concerns
- s. Market Structure, Conduct and Performance Model
- t. Concentration Ratios
- u. Non-Price Competition
- v. Brand Advertising vs Generic Commodity Promotion (Check-off) Programs: Differences/Goals
- w. Pricing and Operational Efficiency
- x. Distinguish between Price Determination and Price Discovery
- y. Identify Various Price Discovery Systems and What Factors Affect Adoption of a System.
- z. Vertical Integration: Benefits and Concerns
- aa. Distinguish between a Marketing Contract and a Production Contract
- bb. Identify some Advantages and Concerns of Contracting (Sellers vs Buyers vs Consumers)

2. Markets Over Space

- a. Recall that Markets Over Space are Linked by Transportation Costs. Trade Will Occur Between Markets When the Price Difference Between the Two Markets Covers the Transportation Costs.
- b. Trade Will Cause Prices to Increase in the Exporting Market and Decrease in the Importing Market Leading to Winners and Losers (Producers vs Consumers).
- c. What is an Exchange Rate? Recall how Exchange Rates Affect Exports and Imports. Be able to use Exchange Rates to Convert the Prices of Goods in Different Countries.
- d. Review the Article “A Weakening Global Economy Interrupts Agricultural Trade.”

3. Markets Over Time

- a. Recall that Markets Over Time are Linked by Storage Costs. Storage Will Occur when Price Expectations less Current Prices Exceed the Cost of Storage.
- b. What Factors Affect Storage Costs? What Factors Impact Price Expectations?
- c. Recall that Storage Will Affect Prices in Future and Current Marketing Periods, Depending on the Cost of Storage and the Volume Stored.
- d. Distinguish Between Seasonal Price Changes and Cyclical Price Changes
- e. Be Able to Construct and Interpret Seasonal Price Index Values
- f. What Factors Have Impacted the Cattle Cycle in Recent Years
- g. Cobweb Model – Be Able to Describe the Cyclical Patterns Evolving From This Model