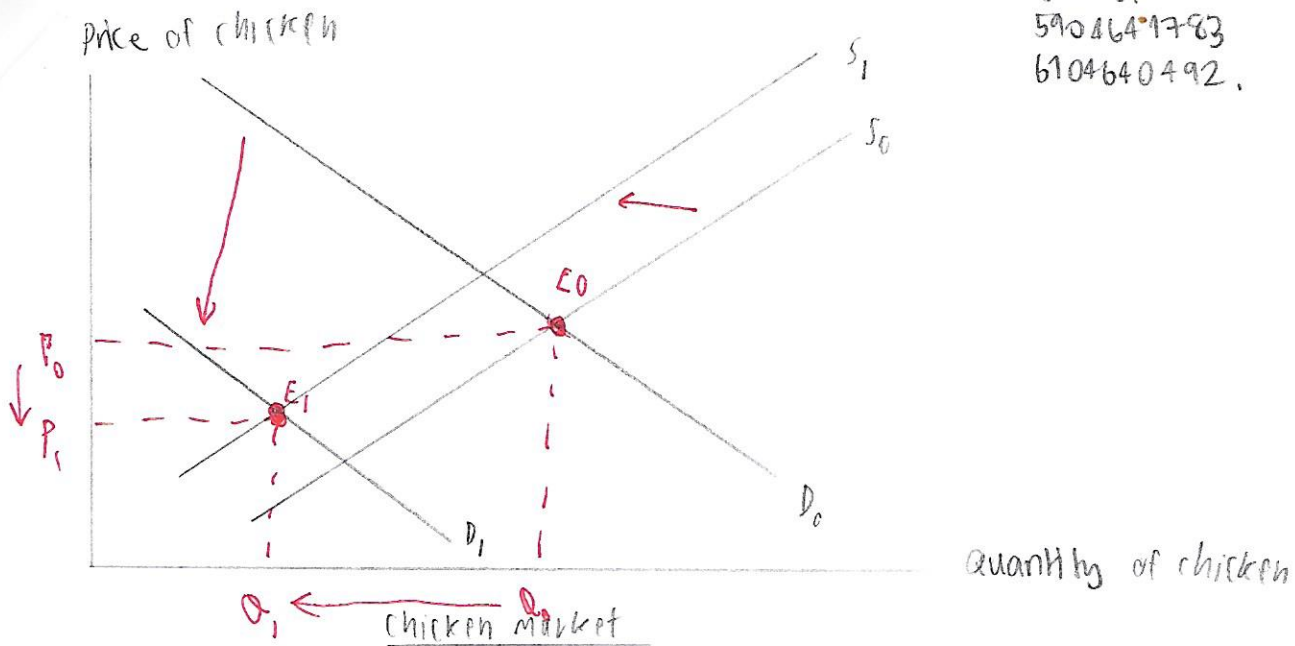


Bird flu affects chicken market

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- Dramatically decrease in chicken's demand (demand curve shift left from D_0 to D_1)
- Also decrease in chicken's supply (changing size of supply smaller than demand) (supply curve shift left from S_0 to S_1)

Bird flu affects chicken market such that supply of chicken is reduced due to death of chicken. Moreover, demand also decreases because consumers' preference toward chicken and food made of chicken has changed. These consumers will shift their preference to other substitutes that do not have risk to harm their health as much as chicken would do. Plus, the reasons why the changing size of demand larger than the size of supply might be from both import and export factors as people afraid of this flu. Therefore, the result in short run, the price and quantity decrease. However, in the long run, after the recovery of the disease, both demand and supply will rise back to the original as people's fear gone. Hence, the price and quantity will rise but may or may not equal the original point.