Economic Data Analysis

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ExxonMobil

ExxonMobil is arguably the largest publicly traded company in the world. It is an American international oil and gas corporation. The company was formed in 1990 by the merger of Mobil and Exxon and the biggest descendant of the Standard Oil Company by John Rockefeller. ExxonMobil emerges the world's largest oil producing company with a daily production of 3.921million BOE (Silverstein, K. 2014).

It associates this great title with standard oil company since its formation in 1870. By revenue production, ExxonMobil is ranked ninth in the world and ranks fifth by market capitalization among other public traded companies. The Forbes Global 2000 list produced in 2016, ranked ExxonMobil 9th globally. In the Fortune 500, ExxonMobil was the second-most profitable company.

ExxonMobil's market structure

ExxonMobil has an oligopolistic market structure. Being a public traded company, it receives backup from the government when it comes to making crucial decisions or where the business faces revenue loss. The state provides them with a secured market where other public oil companies are not permitted to compete. This eliminates the need for publicly traded companies such as ExxonMobil to compete with other oil producing companies.

Regarding oil production, ExxonMobil exhibits a 3.2% market share having compared their oil production to the rest of the world. ExxonMobil consists of three divisions, chemical, upstream and downstream. Despite revenue deterioration, ExxonMobil seems to increase its market share in the chemical, upstream and downstream segment (Silverstein, 2014).

Some of ExxonMobil's competitors include Royal Dutch Shell, PLC, a London oil producing company with three operating segments, that is, the corporate, upstream and downstream. The company has over 4 million shares in daily average trading volume, the Chevron corp., the second largest oil producing company that has a $151 billion market capitalization and the Valero Energy Corporation with a $29.3 billion market capital.

Barriers to entry

The barriers to entering this market are relatively high. One such barrier into oligopoly market entry is:

Long-term commitment- companies intending to enter ExxonMobil's oligopolistic market should understand that it could take as long as ten years to be up and run for a refinery (New Jersey, 2015). Only after thorough analysis of the oil field can full operation commence.

Trends in current macroeconomic indicators

***Technology.***ExxonMobil uses technology to market to its customers its brand. They utilize normal channels to market it depending on the current technological era. Technology aids in ensuring safer procedures for ExxonMobil when oil drilling and acquiring other materials used in energy production (ExxonMobil Corporation, & ExxonMobil Corporation, 2016).

***Supply and demand analysis.***Shortly, the provision and demand for oil and energy for the ExxonMobil Company are expected to change. This is supported by the fact that there will be a general increase in the need and utility of the company's products. ExxonMobil has had achievements in meeting the energy and oil demand.

***Government regulations impact***. Market trends in government regulations show a correlation to ExxonMobil. They have control over the company's environmental concerns. The trends present in government regulations aim to ensure a clean and healthy environment. They also control economic factors by providing price controls are set to allow minimum and maximum prices for consumers.

***Competitors.***Trends for ExxonMobil about competition from other oil producing companies are not expected to vary (Pratt, 2013). They control most of the business markets they are involved. There already exists a company such as Chevron, a fact that makes it hard for a new business to emerge and compete with ExxonMobil.

***Trends in demands.***The demand for oil and gas relies on economic factors. Automobiles, industries, and households are the primary consumers of oil. The rate at which the economy grows is considered as a core factor in the rate of consumption of oil and gas. When the demand for oil rises, the price always goes down.

Over the last three years, the trends for ExxonMobil Oil and Gas Company have had a consistent increase. There is a general upward trend. Over the same period, the price of crude oil per barrel rose from $80 to$100 per barrel (Pratt & Hale, 2013). This gives a clear indication that when the prices of oil are rising , the share price increases too. Periods of economic contraction cause the demand for oil to go down. When the demand for energy fall there is expected fall in oil prices.

***Pricing and substitutes availability.***ExxonMobil is always striving to deliver quality energy and oil products at an affordable price. It becomes hard to achieve this task due to the constant change in the supply and demand of their products. The company price evolves with a change in the market. Currently, there is the potential for demand growth for ExxonMobil Company. Energy demand, as well as oil demand, is tied closely to global economic cycle. In periods of experienced economic growth, more energy and oil is consumed by new and developing companies (New Jersey, 2015). The demand falls will economic recessions. When companies fail to produce, the demand for energy goes down.

Variable and fixed costs

ExxonMobil's variable and fixed costs structure will slightly increase. Due to inflation adjustments, the variable costs are expected to increase with time. Fixed costs generated by ExxonMobil cover constructions for purposes of administration and research, oil transport pipelines, property taxes, commercial trucks, and refineries. They own a chain of gas stations (ExxonMobil Corporation & ExxonMobil Corporation, 2016). While ensuring production costs are kept low, the increase will be placed on new technology and research development. ExxonMobil intends to place more costs on research for oil and gas since the oil and gas demand will continue to grow.

Recommendations

My recommendation to ExxonMobil Company from economical perspective is as follows to continuously improve the quality of their product. They should also invest substantial amount money in research and engineering to support their production. ExxonMobil will have a better stand against their competitors to become much more familiar with U.S. market. ExxonMobil is already in an excellent position in meeting its demand; consumer tastes although there is always room for improvement. This will attract more clients by continuous improvement as well as reinvention to meet current standards.

Conclusion

ExxonMobil Company should incorporate business strategies such as lowering production costs in a bid to achieve lower prices for oil and energy. It should take advantage of the growing demand for energy and oil and create more quantity and quality products. I recommend, the company seize investment opportunities sought by reliable businesses to increase its incomes and in return achieve more production. More advanced technology should be incorporate to increase production in a more efficient and less time-consuming way. This will give the firm a position ahead of its competitors increasing revenues. To maintain the current success evident in the company, it should maintain affordable prices, and they should consider expanding and having branches in more countries to make sure their product is readily available.

References

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