

## A QUANTITATIVE ANALYSIS OF EGG PRICE RESPONSE TO CHANGES IN OGUN STATE, NIGERIA

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### ABSTRACT

Against the backdrop that the layers poultry sub-sector of the Nigerian livestock industry has experienced the greatest failure rate due to collapse of many firms, this paper analyzed the response of retail egg price to changes in retail prices of layer mash and pullet day-old chicks (two major inputs in egg production), with a view to provide quantitative information on the business burden share arising from enterprise input-output price fluctuations. The empirical setting is Ogun State, Nigeria. Monthly retail price data of egg, for the period 1994 to 1999 were regressed on monthly retail price data of layer mash and pullet day-old chicks using a multiple linear regression model. The layer mash and pullet day-old chicks price elasticity of egg price over the study period were obtained as 0.68 and 0.25 respectively, from the estimated slope parameters of the model, the average monthly retail egg price, the average monthly retail price of layer mash and the average monthly price of pullet day-old chicks. These imply that 68 and 25 percent of the respective increase in price of layer mash and the price of pullet day-old chicks are passed to egg consumers while egg producers absorb 32 and 75 percent of the respective price increase of layer mash and pullet day-old chicks. The implications of the finding for poultry feed millers, hatchery owners and the entire participants in the poultry industry are discussed for possible policy attention and marketing strategies.

**Keywords:** Egg price, layer mash price, price of pullet day-old chicks, price elasticity.