

MARKET INTEGRATION AND INTER-TEMPORAL PRICING EFFICIENCY FOR COWPEAS IN NIGERIA

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ABSTRACT

The study examined market integration and inter-temporal pricing efficiency for cowpea in Nigeria, against the backdrop of exploitative practices of middlemen, and the structural adjustment programme, which increased service costs. Time series data of monthly commodity retail average price in five zones of the country covering 1991-1996, and primary data collected in a market in 1997 were used for the study. Bivariate regression analysis of price for market pairs showed dependence of market prices. Price correlation coefficients between markets were high. The regression of price on time trend variable gave significant parameter estimates at 5% level with good fit. Price rise per month was compared with storage cost and it indicated that traders barely cover transaction cost under the temporal arbitrage of using equity capital in combination with or without use of chemical preservative, while they did not when they borrowed capital and either use of or do not use chemical preservatives. Price integration and fair market integration were upheld. Lack of improved infrastructure, standardization of measures and market information militated against having well integrated markets. Decision on inter temporal pricing efficiency was upheld as exploitative tendencies could not be substantiated

Keywords: Market integration, inter-temporal pricing efficiency, cowpea, Nigeria.