



ASSESSMENT OF PRICE TRANSMISSION MECHANISMS OF CASSAVA IN RURAL AND URBAN MARKETS OF BENUE STATE, NIGERIA

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ABSTRACT

The study assessed price transmission mechanisms of cassava in rural and urban markets of Benue State, Nigeria. Average monthly prices (₦/kg) of cassava spanning from January, 2008 to December, 2018 were collected and analyzed using ADF test, Johansen co-integration test, Error Correction Model (ECM) and Index of Market Concentration (IMC). The result of ADF test showed that the price series were stationary at levels with the co-integration test revealing the presence of co-integration between rural and urban market prices in the study area; and the ECM revealed that the speed of price transmission between rural and urban markets was weak and that adjustment towards the long run equilibrium in the short run was slow. The results of the Index of Market Concentration (IMC) was less than one ($IMC < 1$) and statistically significant at $P \leq 0.01$ probability level which implies the existence of high short-run market integration between rural and urban markets in the study area. It was recommended that, there was the need for efficient transmission of price information among the various market actors in the urban and rural markets through the establishment of market information centers to facilitate adequate communication and information flow.

Keywords: Cassava, Co-integration, Market, Price, Stationarity.