

# Food Price Differences and Market Integration in Oyo State, Nigeria

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## **ABSTRACT**

The study tests the market integration of main staple agricultural commodities in Oyo State. Monthly prices in N/kg covering a period of 8 years (1994-2001) were obtained from Oyo State Agricultural Development Programme (OYSADP) and analyzed using Ravallion Model. The study also calculated the Indices of Market Concentration (IMC) to measure the degree of spatial market integration. The IMCs for cassava, yam, white maize and yellow maize were, 0.3074, 0.0814, 0.02712 and 0.1648, respectively. The IMCs imply high short-run market integration between the reference and rural markets. The market integration indices confirm that price changes in the urban markets (Bodija and Ilora) translated to changes in the price of cassava, yam, maize, yellow maize in rural markets (Akanran, Towobowo, Anko, Irepodun, Oje, Kajola, Akala and Aberu). It is concluded that agricultural commodity arbitrage is working. The degree of market integration can be enhanced by the provision of not only transport infrastructure but by provision of adequate formal marketing information and standardization of weights and measures in the system.