Journal article 1st December 2022

Pastoral livestock market integration amidst improvements in physical and communication infrastructure: Evidence from northern Kenya

This article analyses the level of integration in pastoral markets in Kenya using high-frequency data generated through a crowdsourcing endeavour.

Publisher African Journal of Agricultural and Resouce Economics

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 "https://www.sparc-knowledge.org/about-us/contributors/authors/philemon-chelanga" } }

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Samburu warrior, north Kenya Credit Image by Walter Callens - CC BY 2.0

This <u>article</u> analyses the level of integration in pastoral markets in Kenya using high-frequency data generated through a crowdsourcing endeavour. The vector error-correction model framework was used to estimate the causal relationships between the short- and long-run market price.

The results indicate that a higher proportion of price variation in larger markets in the region was due to market price shocks, while variation in the smaller markets originated from the larger markets. Weekly adjustments and the convergence of prices on a long-run equilibrium after experiencing shocks were also observed.

Price transmission was also evident between markets operating along different trading routes. However, markets located close to production catchments exhibited lower price trends, despite being connected. These results suggest a strong influence of the recent infrastructural investments on price transmission between markets in the region. The findings imply that more investments would enhance the competitive trading environment and reduce unidirectional price transmission.

Citation: Chelanga P., Jensen N. and Muendo K. M. (2022). <u>Pastoral livestock market integration amidst improvements in physical and communication infrastructure: Evidence from northern Kenya</u>. *African Journal of Agricultural and Resource Economics*. Vol 17 – 4 (2022). DOI: https://doi.org/10.53936/afjare.2022.17(4).22

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