

# **Spatial Price Linkages for Some Agricultural Products in K. S. A.**

## **Regional Markets**

**By**

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### **Abstract**

Using monthly price data, this paper investigated the market integration for tomatoes, potatoes, and eggs in Saudi Arabia for the period 2000 - 2004. ADF tests indicated that the price series were stationary. Ravallion model of market integration was estimated and hypotheses of independence, long – run, and two forms of short – run market integration were tested. Fifteen pair wise price relationships for six major regional markets were examined for each commodity. Markets were not isolated from each other as indicated by the rejection of the independence hypothesis. Also, it turned out that 73%, 67%, and 64% of market pairs for tomatoes, eggs, and potatoes, respectively, were integrated in the long – run. On the other hand, hypotheses of short – run integration were rejected with one exception for one market pair of eggs. The failure to observe short – run integration may be attributed to the use of low frequency data. Therefore, the use of weekly or daily prices may reveal the short-run integration.