Food commodity prices, shocks and factor markets in Africa: Implications on income distribution, food and nutrition security

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- Higher prices could be beneficial to owners of factors of production by increasing their incomes (Breisinger et al., 2009).
- Higher income could stimulate demand for commodities and also lead to more savings and investment (Burfisher, 2011). Shocks e.g. price shocks adverse weather events could have reverse effects.

- Of note, agricultural households are complex. There are net producers who maximize profit, net consumers who maximize utility and autarkic households (Sadoulet and de Janvry, 1995; Benjamin, 1992).
- A shock to these households could have varied results on these households. Producers could benefit, consumers would be hurt while autarkic households might be unaffected or might face indirect impacts.

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- A shock to these households could have varied results on these households. Producers could benefit, consumers would be hurt while autarkic households might be unaffected or might face indirect impacts.
- Therefore, making judgements about welfare effects could be difficult in absence of data (Kalkuhl et al., 2016).

- While there is evidence that markets are generally imperfect in Sub-Saharan Africa, little attention has been paid towards how commodity markets interact with factor markets (Rashid and Minot, 2010; Poulton et al., 2006; Barrett et al., 2001).
- It could be interesting to examine how household labor allocation decisions and shadow prices for labor change when shocks hit households.

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- It could be interesting to examine how household labor allocation decisions and shadow prices for labor change when shocks hit households.
- Further, how policy and distortions in agricultural commodity markets could influence factor market or vice versa has also not been addressed adequately.

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- Further, effects of market interactions on income distribution, food and nutrition security outcomes among heterogeneous households has not been thoroughly examined. Notable examples usually use descriptive measures (Case, 1996; Barret and Dorosh, 1998).

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Specifically, it seeks

1. To quantify effects of price policy and exogenous distortions on local staple food markets.
2. To assess the impact of a staple food price shock on labor allocation decisions and shadow prices of labor.
3. To measure the economy wide distributional effects of a staple food price shock on real consumption, calorie and micronutrient intake.

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- Can heterogeneity in staple food preferences reflect vulnerability to food price shocks?
- To what extent do shocks affect real consumption, calorie and micronutrient intake?

Methods

In general, I am thinking in an agricultural household modeling framework

- To achieve objective one, the study will use threshold regression approaches.
- To achieve objective two, the study will use sample selection regression models.
- To achieve the third objective, the study will use a demand systems approach and microsimulations.