

Effects of Price Risk in Wholesale Market on the U.S. Farm-Raised Catfish

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Abstract

A theoretical model links price risks at processors market to farm supply response. Price risks at wholesale market affect processors, factor demand for farm-raised catfish. The fluctuation in factor demand also influence the farm-raised catfish supply response. Price risks at wholesale market reduce processors, factor demand for farm-raised catfish, and in-turn have effects on catfish farm supply. The empirical results show evidences that price risks at wholesale market level reduces catfish farm supply. In terms of product forms, fillets have positive effects on farm supply, while whole fish have negative a relationship with farm supply. To completely understand the effects of risks at the processor level on farm supply further analyses of product diversification and its effects on processing and farm market are needed; factor demand and farm supply should be placed in a market equilibrium framework to thoroughly analyze the effects of factor demand shocks on farm-raised catfish supply response.