Title: Modeling Price Spread for Salmon Across Different Monetary Markets

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Abstract: Much attention has been given to how to model the price spread since Gardner's important contribution was published in the mid seventies. Most farm-retail price spread studies are applied on agriculture products restricted to domestic trade only. Globalization and weaker trade barriers allow products to reach new markets, and at the same time impose exchange rate as a new and important factor in the system. This study present a framework on how to model the price spread when farm and retail price are traded in different currencies. The price spread and price linkage relationship is estimated as a system using exchange rate and mark-up costs. The proposed framework is applied on farmed Atlantic salmon using Norwegian farm price and French retail price. The most important results suggests that exchange rate is, as expected, the most important factor; that exchange rate pass thru is not complete, but the law of one price is supported; that a formulation on market efficiency hold; and that changes in farm price are not reflected in the price spread.