

Price transmission in Serbian milk commodity chain

POPOVIC RADE (*University of Novi Sad, Faculty of Economics, Serbia, popovicr@ef.uns.ac.rs*)

RADOVANOV BORIS (*University of Novi Sad, Faculty of Economics, Serbia*)

Serbian formal milk market is developing in recent years. In 2008 it reached 53.8% of total milk production intended for human use. Milk production is traditionally based on family farms and was stable in last 10 years. Focus in the paper will be on analyzes milk price transmission for three products: white yoghurt, pasteurized milk and UHT milk. Those products participated in formal milk market with 65%. Monthly data are collected from three levels of milk chain: farm level, processors and retailers. Previous researches had shown that market power is shifting to the processors and retailer levels. Approach to identify market power through milk supply chain is based on price transmission analysis. It will be applied price transmission elasticity between market levels. National market is not isolated from price signals from world market and transmission of farm gate prices will be analyzed with prices in chosen neighbor countries and regions. Turbulent dynamics of world milk prices in recent three years influenced eventually in some degree almost all national markets.

Keywords: price transmission, milk and milk products, milk supply chain, market structure