

# **SOME EVIDENCE ON PRICE TRANSMISSION IN SELECTED MALAYSIAN FRUITS MARKETS**

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## **ABSTRACT**

The primary purpose of this paper is to explain the cointegration and causality relationships between the farm and retail prices in the Malaysian market of fruits. To that end, the bivariate co integration approach, using Granger causality tests, is applied. The study uses monthly data from January 2000 through December 2010. The results show that there is evidence of long run bidirectional causal relationship between farm and retail prices for banana and watermelon. However, the analysis revealed a long run unidirectional relationship from farm prices to retail prices with no evidence of reverse or feedback causality running from farm price to retail prices for jackfruit and durian.

**KEYWORDS:** Causality Tests, Cointegration, Farm Prices, Retail Prices.