

It is generally asserted that markets of internationally traded agricultural commodities are thin and more volatile, but with little supporting evidence. For internationally traded agricultural products, it is not clear what constitutes "thin" markets and how this "thinness" contributes to price volatility.

Nonetheless, in the current atmosphere of high food and agricultural prices, the sentiment that international prices are more volatile because agricultural markets are thin, is widely shared. This study examines whether selected agricultural markets have become thinner using a particular notion of market thinness relevant for internationally traded goods – exports as a share of production. The results suggest that for most of the commodities examined from 1970 to 2010 the answer is that markets have not become thinner.

To support this conclusion, two other measures are used for a robustness check to round out the analysis and provide a multidimensional picture. These two measures are the number of participants (countries) trading in any market and the level of market concentration as revealed by the Herfindahl Index.

Fuente: OECD

Documento completo en: <http://goo.gl/jda29>