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DETERMINANTS OF SOYBEAN PRICE VOLATILITY IN SOROTI TOWN

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A RESEARCH DISSERTATION SUBMITTED TO DEPARTMENT OF AGRIBUSINESS& EXTENSION FOR A PARTIAL FULFILLMENT FOR THE AWARD OF A BACHELOR OF AGRIBUSINESS MANAGEMENT DEGREE OF BUSITEMA UNIVERSITY

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DECLARATION

I **MIREMBE REBECCA, Reg No: BU/UP/2017/329** declare that this piece of work is a record of my own apart from external assistance that has been duly acknowledged

This research dissertation has never been submitted or awarded any academic credit from any other institution.

Signature: ……………………………...

Date…………………………………..…

APPROVAL

This research proposal has been supervised and is submitted for examination with the approval of the Academic Supervisor:

Name: ……………………………………..

Signature: ………………………………….

Date: ………………………………………

ACKNOWLEDGEMENT

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May God bless them All.

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LIST OF ABBREVIATIONS

CFD - contract for difference

USd/Bu - free currency exchange rate

US$ - united states dollars

$ - dollars

mi - myocardial infarction

N - North

E - East

Ft - feet

i.e. - Also known as

MMT - million metric tons

CAGR - compound annual growth rate

US - United States

Kgha-1 - average yield

N2 - nitrogen

K - Potassium

P - Phosphorus

Ush/kg - Ugandan shilling per kilogram

UGx - Uganda shillings

SSA - Sub Saharan Africa

Ushs. – Uganda shillings

Mha- million hectares

ABSTRACT

Agricultural commodity prices are highly volatile in the short term, sometimes varying by as much as 50 per cent in a single year. Unpredictable price fluctuations can significantly reduce national revenue, cost millions of jobs and render farmers' cash crops nearly worthless in one fell swoop. Soybeans prices have changed over time. Prior to 2018, 1 kilogram of soya beans was going for US$0.36 in 2015 and US$0.74 in 2017. This year's estimated price range for Uganda soya beans is $ 0.74 and $ 0.58 per kilogram. Prices for food crops are naturally volatile, their supply depends on unpredictable factors like the weather. While volatility is not problematic, uncertain and excessive price movements present a threat. Abnormally high agricultural price volatility can have severe impacts on governments, which have to finance imports of foodstuffs and also rely on export earnings from commodities. The study was carried out in Soroti own located in the Teso sub-region, eastern region of Uganda which covered a period of two-months December 2020 to January 2021 to evaluate the determinants of soybean price volatility on a total of 59 correspondents who were market actors(wholesalers, market sellers, retailers, processors, middlemen, customers) who sell and buy soybean. Soybean prices were varying in the previous months and the current month due to weather patterns, lower soybean production and the increasing demand of soybean and its products. Demand is determined by the population, income growth and supply depends on unpredictable factors for example weather. High demand for soybeans is currently tied to global meat consumption and is expected to grow, When demand outstrips supply, it leads to increased soybean prices. Soybean prices is at 1800 (UGx per kilogram) today, tomorrow it has dropped to 1400, the next day it rises to 2000." The same was said about inputs such as pesticide and seed. Determinants of soybeans prices were mainly market actors and seed variety. Middlemen "are deceitful" and "spread rumors about prices on the market and lower prices intentionally." Which makes farmers forcefully to accept the soybean market is characterized by the presence of a large number of buyers and sellers, which contributes to a competitive market. The market structure of soybean was mainly perfectly competed meaning that there is freedom of entry and exit into market, no product differentiation and homogenous products are sold and there was a possibility that market structure was expected to change over time To conclude, the factors that determine price volatility are seed variety and market actors. So, it is worth mentioning that to some extent market forces (demand and supply) have no effect on price volatility of soybean. I recommend that there is need for price policy interventions that may counter price fluctuations by setting a harmonized soybean price, secured by a government-fund