AN ESTIMATION OF THE SUPPLY OF CATTLE IN THE LIVESTOCK AUCTION MARKET IN LEON, ILOILO

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This study was an economic analysis of the supply of cattle by the direct cattle producers in Leon Livestock Auction Market in Leon, Iloilo in 1989. The study includes the estimation of the supply function, the identification of the significant factors affecting the supply and the analysis of the price elasticity. The supply function of cattle were hypothesized to be affected by four (4) factors, namely: price of cattle (X_1) value of inputs used in cattle production (X_2), price of related commodities (X_3) and the availability of credit (X_4). Simple Random Sampling was used in choosing the thirty (30) respondents who, were direct cattle producers who sold their cattle in Leon Livestock Auction Market in 1989. These cattle producers were interviewed with the use of an interview schedule. The data gathered includes total weight and number of cattle supplied in the market by the producers and the prices of resource inputs used in the cattle production. Other data such as the price of cattle per kilogram liveweight were taken from the records of the Bureau of Agricultural

Statistics.

Regression Analysis was applied to determine the coefficients of the supply function. Specifically, step-wise regression analysis was used. Results of the study showed that the estimated supply function of cattle was Q_s = − 1843.4461 + 96.6056 X1, where x; is the average price of cattle per kilogram liveweight. Thus, the only significant factor affecting the supply of cattle was the variable X1. The price elasticity supply is 4.6984. The supply of cattle is therefore price elastic because the percentage change in cattle supplied is greater than the percentage change in price.