

# Market Watch - 5



Jointly produced by:

WFP – Food Security Monitoring and Analysis System

MoAC – Department of Agriculture, Agribusiness Promotion and Marketing

Development Directorate (ABPMDD)

FNCCI – Federation of Nepalese Chamber of Commerce and Industries

CIPF – Consumer Interest Protection Forum

## Market Watch

22 August 2008

## Highlights

- Severe problems of food insecurity reported in districts of Mid- and Far-Western hills and mountains due to rising food prices, unavailability of food in the market and little or no household stock.
- National cereal prices have continued to rise. This trend is likely to continue.
- Fuel supply situation has improved but guaranteed supplies in the future is uncertain.

### NATIONAL PRICE DEVELOPMENT

Prices of key commodities have continued to rise in the past few months in different markets across the country. The price of coarse rice has risen further and this trend is likely to continue until the next harvest in November-December. The wheat flour price which was more or less stable following the harvest in April has started to climb since Mid-July. The price of lentil continued to rise from the already high price observed a few months ago. The prices of cooking oils have risen steeply since mid-July after a period of high but stable prices since April. Chart 1 shows the national average prices of key commodities considering 12 selected markets in the Terai, Hills and Mountains (source: ABPMDD).

Detailed price developments across a series of markets are provided on page 2.

### MARKETS/COMMODITIES WITH LARGEST PRICE CHANGES

Prices in Achham decreased sharply around the 15<sup>th</sup> of August after supplies to the main markets resumed. The largest commodity price increase can be observed in the Karnali zone where access to the markets is constrained due to the monsoon. The table below shows district markets with the largest increase and decrease in retail prices for selected commodities as compared to last month.

### KEY MARKET ISSUES

- Widespread food insecurity exists in the Hill and Mountain districts of the Mid- and Far-Western Regions, caused by poor winter crop harvest, rising food prices and market closure.
- Oil prices have decreased substantially in the international market. This, combined with the Rs one billion grant provided by the Government to pay part of the Nepal Oil Corporation's (NOC) outstanding debt to the Indian Oil Corporation, has improved the fuel supply situation to some extent. The NOC has introduced a dual pricing system for diesel in Kathmandu. Private users pay Rs 80 per litre from designated fuel stations

and public transport providers pay Rs 70.

- The transportation sector continues to face major problems. Supplies to several markets in the Mid- and Far-West ceased for a period of 6 weeks resulting in market closures.
- Karnali highway is not usable beyond Rakam in Dailekh due to landslides and monsoon conditions.

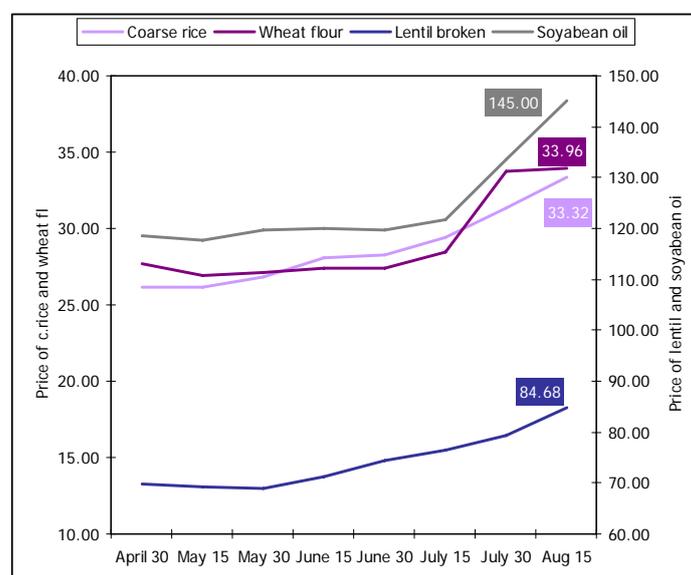


Chart 1: Average prices of key commodities

### Largest increases in retail prices of key commodities

District / Commodity	Current price (NRs/kg)	% change 1 month	Observation
Bajura	Coarse rice	55	14.6
	Wheat flour	47	4.4
Humla	Coarse rice	40	14.2
	Cooking oils	290	13.7
Jumla	Coarse rice	50	25
	Cooking oils	200	11.1

Source: WFP, Food Security Monitoring and Analysis System

### Largest decreases in retail prices of key commodities

District / Commodity	Current price (NRs/kg)	% change 1 month	Observation
Achham	Coarse rice	28	-12.5
	Wheat flour	26	-13.3
	Potato	25	-16.7

Market Watch is produced by WFP Nepal in collaboration with the Agri-business Promotion and Marketing Development Directorate, Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and Consumer's Interest Protection Forum. This is an initiative to provide timely information and alerts on price and market developments.

All information products produced by the FSMAS are available on the UN Nepal Information platform ([www.un.org.np](http://www.un.org.np)) or on the WFP website: <http://vam.wfp.org/country/docs?country=524>. For more information please contact: Food Security Monitoring and Analysis Unit, United Nations World Food Programme, Patan Dhoka Road, Lalitpur, PO Box 107, Tel 5542607 ext 2420-5

# Market Watch on main food commodities across Nepal



Markets	Major commodities	Current price (NRS/Kg or Nrs/ltr)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
<b>Major consumer markets</b>								
Kathmandu	Coarse rice	40.0	17.6	29.0	53.4	▲	▲	▲
	Wheat flour	n/a	-	-	10.3	-	-	▶
	Soya bean oil	120.0	-5.5	-1.6	44.58	▼	▶	▲
	Musuro	95.0	11.8	31.6	43.9	▲	▲	▲
	Mas (Black gram)	85.0	16.4	10.4	2.4	▲	▲	▶
	Chicken	140.0	-20.0	-22	12	▼	▼	▶
	Potato-red	14.0	7.7	7.7	-53.3	▲	▶	▼
Pokhara	Coarse rice	n/a	-	-	60.0	-	-	▲
	Wheat flour	n/a	-	-	15.4	-	-	▲
	Soya bean oil	n/a	-	-	44.3	-	-	▲
	Musuro	n/a	-	-	38.4	-	-	▲
	Mas (Black gram)	n/a	-	-	-11.8	-	-	▶
	Chicken	n/a	-	-	17.8	-	-	▲
	Potato-red	n/a	-	-	-4.8	-	-	▶
<b>Regional Terai markets</b>								
Biratnagar	Coarse rice	24.0	4.4	9.2	33.3	▶	▶	▲
	Wheat flour	25.6	0	-3.9	1.59	▶	▶	▶
	Soya bean oil	83.0	16.6	17.9	38.3	▲	▲	▲
	Musuro	130.0	8.3	8.3	52.9	▲	▶	▲
	Mas (Black gram)	-	-	-	-	-	-	-
Birgunj	Coarse rice	27.6	4.9	9.4	38.0	▶	▶	▲
	Wheat flour	24.2	0.8	-3.3	10.0	▶	▶	▶
	Soya bean oil	125.0	4.2	3.8	52.4	▶	▶	▲
	Musuro	85.4	11.5	20.0	52.0	▲	▲	▲
	Mas (Black gram)	70.0	6.1	10.3	-11.2	▲	▲	▶
Nepalgunj	Coarse rice	n/a	-	-	18.4	-	-	▲
	Wheat flour	n/a	-	-	-11.6	-	-	▶
	Soya bean oil	n/a	-	-	37.0	-	-	▲
	Musuro	n/a	-	-	19.0	-	-	▲
	Mas (Black gram)	n/a	-	-	-28.4	-	-	▼
Dhangadhi	Coarse rice	n/a	-	-	11.0	-	-	▶
	Wheat flour	n/a	-	-	2.73	-	-	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	n/a	-	-	17.9	-	-	▲
	Mas (Black gram)	n/a	-	-	2.8	-	-	▶
Bhairahawa	Coarse rice	n/a	-	-	23.8	-	-	▲
	Wheat flour	n/a	-	-	4.2	-	-	▶
	Soya bean oil	n/a	-	-	44.7	-	-	▲
	Musuro	n/a	-	-	24.2	-	-	▲
	Mas (Black gram)	n/a	-	-	-20.9	-	-	▼

Markets	Major commodities	Current price (NRS/Kg or Nrs/ltr)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
<b>Hill and Mountain markets with road access</b>								
Dhankuta	Coarse rice	30.0	3.4	10.3	42.9	▶	▲	▲
	Wheat flour	30.0	-3.2	-6.4	30.4	▶	▶	▲
	Soya bean oil	140.0	-6.7	0	64.7	▼	▶	▲
	Musuro	80.0	0	18.8	25.0	▶	▲	▲
	Mas (Black gram)	75.0	7.1	-7.1	15.4	▲	▶	▲
	Coarse rice	n/a	-	-	18.2	-	-	▲
	Wheat flour	n/a	-	-	-4.0	-	-	▶
Rolpa	Soya bean oil	n/a	-	-	33.3	-	-	▲
	Musuro	n/a	-	-	12.3	-	-	▶
	Mas (Black gram)	n/a	-	-	-10.0	-	-	▶
	Potato-red	n/a	-	-	-60	-	-	▼
Santebagar	Coarse rice	n/a	-	-	60.0	-	-	▲
	Wheat flour	n/a	-	-	0	-	-	▶
	Soya bean oil	n/a	-	-	72.7	-	-	▲
	Musuro	n/a	-	-	7.7	-	-	▶
	Mas (Black gram)	n/a	-	-	-12.5	-	-	▶
	Coarse rice	45.0	28.6	22.2	-43.8	▲	▲	▼
	Wheat flour	55.0	19.6	16.4	-31.2	▲	▲	▼
Jumla	Soya bean oil	190.0	35.7	46.1	72.7	▲	▲	▲
	Musuro	80.0	-9.1	0	0	▼	▶	▶
	Mas (Black gram)	80.0	0	0	-11.1	▶	▶	▶
	Potato-red	15.0	-25.0	0	-40.0	▼	▶	▼
	Coarse rice	40.0	14.3	14.3	-	▲	▶	-
Humla	Wheat flour	140	7.7	7.7	-	▲	▶	-
	Soya bean oil	280	12.0	16.7	-	▲	▲	-
	Musuro	180	5.8	-	-	▲	-	-
	Mas (Black gram)	180	5.8	-	-	▲	-	-
	Beans	40	0	-	-	▶	-	-
	Coarse rice	75	0	7.1	7.1	▶	▶	▶
	Wheat flour	90	0	0	0	▶	▶	▶
Dolpa	Soya bean oil	200	0	0	0	▶	▶	▶
	Musuro	150	0	-	-	▶	-	-
	Mas (Black gram)	140	16.7	-	-	▲	-	-
	Beans	80	0	-	-	▶	-	-
	Potato	30	0	-	-	▶	-	-
	Coarse rice	55	14.6	37.5	57.6	▲	▲	▲
Bajura	Wheat flour	47	4.4	17.5	17.5	▶	▲	▲
	Mustard oil	180	-2.7	12.5	-	▶	▲	-
	Musuro	90	-5.3	-	-	▼	-	-
	Mas (Black gram)	90	-14.3	-	-	▼	-	-
	Beans	70	-	-	-	-	-	-

▲ Price increase above normal price fluctuation

▶ Normal price fluctuation

▼ Price decrease below normal price fluctuation

Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months or within 15% for one year.