



Market Watch 32

August 2011†

Jointly produced by:

WFP-world Food Programme, Nepal
 MoAC- Department of Agriculture, Agribusiness Promotion and Marketing Development Directorate (ABPMDD)
 FNCCI/AEC-Federation of Nepalese Chamber of Commerce and Industries/Agro Enterprise Centre
 CIPF-Consumer Interest Protection Forum



HIGHLIGHTS

- According to the Nepal Rastra Bank, the year-on-year (y-o-y) consumer price inflation increased by 8.8 percent in mid June 2011 compared to 8.2 percent in last year. The price index of food and beverage rose by 14.3 percent, while the index of cereal grains remained at 10.4 percent in the same period.
- Prices of most monitored commodities have remained relatively stable in the past one month, including the hill and mountain markets – an indication of improved food supplies across the country compared to the same period last year.

NATIONAL MARKET DEVELOPMENT

Price

The national average price of most monitored food commodities indicates marginal fluctuations over the past one month. The average prices of coarse rice, wheat flour and broken lentils marginally increased by 0.2% to Rs. 36.2 per kilo, 2.3% to Rs. 37.8 per kilo, 1.2% to Rs.98.2 per kilo respectively, while that of that of black gram nominally decreased by 0.1% to Rs. 109.7 per kilo. The exception was the average price of red potato which increased by the highest rate of 14.7% to Rs. 27.0 per kilo compared to July 2011. Compared to May 2011, the average prices of coarse rice and wheat flour have increased by 2.1% and 3.7% respectively.

In the past one month, prices of staple foods have remained relatively stable even in mountain and hill markets, primarily due to fewer road obstructions caused by monsoon rains, good harvest and better stocking for the monsoon season compared to last year. In the wholesale market monitored by FNCCI/AEC, the price of coarse rice in the five large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadi) increased by 1.2%, while that of soybean oil rose by 5.7% in the past one month.

In August 2011, prices of vegetables in the Kathmandu valley have declined sharply, particularly summer vegetables such as tomatoes, cabbage, bitter gourd, snake gourd, lettuce and capsicum due to bulk production in summer and perishable nature of these goods.

As per report released by Nepal Rastra Bank in mid-June 2011, the y-o-y consumer price inflation increased by 8.8 percent compared to 8.2% in last year. The index of food and beverage rose by 14.3%, while the index of cereal grains sub-group increased by 10.4% compared to the same period last year.

Supply

Monsoon rains have partially affected the supply of food commodities, particularly in the hill and mountain districts. As per the report from WFP Field Monitors, many headquarters in the Eastern, Mid and Far-Western hill and mountain districts have disconnected from the national highways. As a result, traders are using either tractors (to the extent possible) or mules to transport goods, especially in Bajura, Jumla, Kalikot, Khotang, Okhaldhunga, Bhojpur and Sankhuwasabha. Despite partial obstruction of supply roads and trails leading into these districts, the supply situation is not so far alarming compared to the same period last year. This is because of the relatively good harvest in the FY 2010/11, combined with better stocking in anticipation of possible interruption in supplies during the monsoon.

Outlook

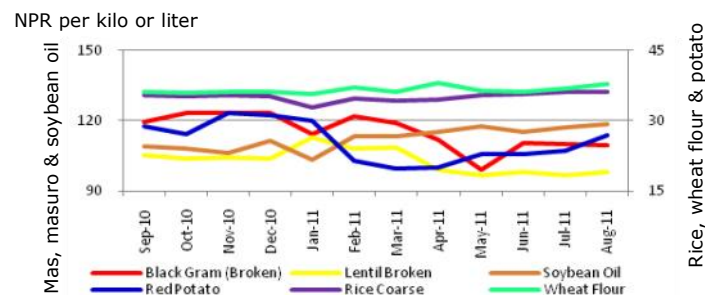
Prices are likely to remain high for most food commodities until the next harvest in October/November. Demand for food commodities is expected to increase during the festival season which starts from the next month. The recent demand of hiking transportation fares by the Nepalese Transport Entrepreneurs is likely to increase the transport costs.

The harvest of maize will increase the food stock from September onwards, particularly in the mid-hills.

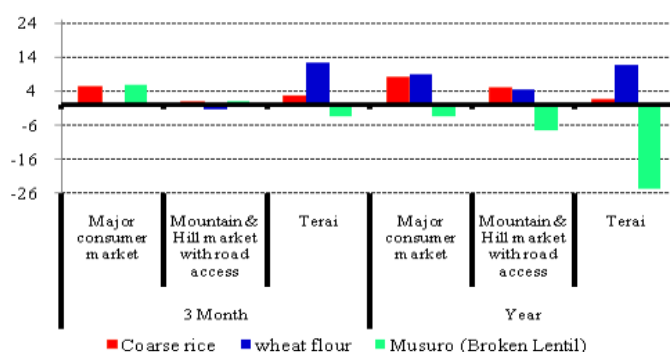
Largest changes in prices of key commodities

Commodity	Price Rs/kg	% change 1 month	Observation
Potato	27.0	14.7	Reduction in supply due to off-season.
Summer vegetables ⁺	various	-30 to 60	Due to bulk production in summer and perishable nature of these goods.

Average price over 12 month period*



Percentage change in prices** (3 month & 1 year)



† Prices relate to the Nepali month of Shrawan.

* Prices are from markets listed on the back of this report, not including 'Hill & Mountain No Road' markets.

** Change in price considers all markets shown in this report

* Information based on Kalimati Fruits and Vegetable Wholesale Market.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Major consumer markets								
Kathmandu	Coarse rice	35.0	0.0	2.9	2.9	▶	▶	▶
	Wheat flour	36.0	0.0	0.0	5.9	▶	▶	▶
	Soybean oil	125.0	1.6	7.8	31.6	▶	▶	▲
	Chicken	235.0	9.3	-4.1	3.5	▲	▶	▶
	Mustard oil	129.0	-0.8	7.5	29.0	▶	▶	▲
	Mas (black gram)	110.0	4.8	-4.3	-6.0	▶	▶	▶
	Musuro	103.0	-1.9	8.4	3.0	▶	▶	▶
	Potato	27.0	35.0	28.6	-10.0	▲	▲	▶
Pokhara	Coarse rice	45.0	2.3	7.1	12.5	▶	▶	▶
	Wheat flour	38.0	0.0	0.0	11.8	▶	▶	▶
	Soybean oil	120.0	0.0	4.3	9.1	▶	▶	▶
	Chicken	280.0	7.7	7.7	-17.6	▲	▶	▼
	Mustard oil	140.0	0.0	1.4	-5.4	▶	▶	▶
	Mas (black gram)	115.0	0.0	4.5	-4.2	▶	▶	▶
	Musuro	95.0	0.0	3.3	-9.5	▶	▶	▶
	Potato	27.0	8.0	40.6	-3.6	▲	▲	▶
Regional Terai markets								
Biratnagar	Coarse rice	28.0	0.0	-9.7	-20.0	▶	▶	▼
	Wheat flour	30.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	119.0	0.0	13.3	25.3	▶	▲	▲
	Chicken	224.0	1.8	-15.5	-20.0	▶	▼	▼
	Mustard oil	133.0	2.3	2.3	15.7	▶	▶	▶
	Mas (black gram)	100.0	4.2	11.1	-16.7	▶	▲	▼
	Musuro	70.0	-6.7	-6.7	-12.5	▼	▶	▶
	Potato	26.0	62.5	62.5	10.2	▲	▲	▶
Birgunj	Coarse rice	36.0	0.0	0.0	-10.0	▶	▶	▶
	Wheat flour	36.0	33.3	33.3	33.3	▲	▲	▲
	Soybean oil	120.0	2.6	1.7	9.1	▶	▶	▶
	Chicken	240.0	0.0	0.0	-7.7	▶	▶	▶
	Mustard oil	130.0	0.0	0.0	6.6	▶	▶	▶
	Mas (black gram)	84.0	-10.6	-14.3	-16.0	▼	▼	▼
	Musuro	84.0	7.7	-1.2	-40.8	▲	▶	▼
	Potato	20.0	0.0	33.3	0.0	▶	▲	▶
Nepalgunj	Coarse rice	30.0	0.0	3.4	20.0	▶	▶	▲
	Wheat flour	30.0	25.0	20.0	7.1	▲	▲	▶
	Soybean oil	115.0	0.0	-4.2	21.1	▶	▶	▲
	Chicken	250.0	0.0	0.0	13.6	▶	▶	▶
	Mustard oil	135.0	0.0	0.0	22.7	▶	▶	▲
	Mas (black gram)	87.0	0.0	2.4	-13.0	▶	▶	▶
	Musuro	70.0	0.0	-17.6	-22.2	▶	▼	▼
	Potato	20.0	0.0	0.0	0.0	▶	▶	▶
Dhangadhi	Coarse rice	38.0	0.0	5.6	24.7	▶	▶	▲
	Wheat flour	31.0	0.0	3.3	19.2	▶	▶	▲
	Soybean oil	105.0	5.0	5.0	5.0	▶	▶	▶
	Chicken	250.0	4.2	0.0	0.0	▶	▶	▶
	Mustard oil	127.0	0.0	-2.3	5.8	▶	▶	▶
	Mas (black gram)	140.0	0.0	5.3	-12.5	▶	▶	▶
	Musuro	100.0	0.0	5.3	-33.3	▶	▶	▼
	Potato	30.0	0.0	66.7	-14.3	▶	▲	▶

▲ 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.

* This is the price of NFC subsidized rice, as there is virtually no other stock.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over			
			1 m	3 m	1 yr	1m	3m	1yr	
Hill and mountain markets with road access									
Bhairahawa	Coarse rice	30.0	0.0	7.1	-3.2	▶	▶	▶	
	Wheat flour	27.0	0.0	8.0	0.0	▶	▶	▶	
	Soybean oil	90.0	0.0	-18.2	0.0	▶	▼	▶	
	Chicken	260.0	0.0	8.3	30.0	▶	▶	▲	
	Mustard oil	150.0	0.0	0.0	0.0	▶	▶	▶	
	Mas (black gram)	122.0	0.0	-6.2	-15.9	▶	▶	▼	
	Musuro	120.0	1.7	0.0	-6.3	▶	▶	▶	
	Potato	15.0	0.0	-6.3	0.0	▶	▶	▶	
Dhankuta	Coarse rice	34.0	-2.9	3.0	-2.9	▶	▶	▶	
	Wheat flour	30.0	-6.3	-14.3	-11.8	▼	▼	▶	
	Soybean oil	120.0	0.0	0.0	20.0	▶	▶	▲	
	Chicken	230.0	0.0	-4.2	-30.3	▶	▶	▼	
	Mas (black gram)	115.0	-7.3	-4.2	15.0	▼	▶	▶	
	Musuro	80.0	1.3	0.0	-15.8	▶	▶	▼	
	Potato	30.0	36.4	50.0	0.0	▲	▲	▶	
	Rolpa	Coarse rice	38.0	0.0	0.0	26.7	▶	▶	▲
Wheat flour		65.0	0.0	0.0	62.5	▶	▶	▲	
Soybean oil		130.0	0.0	0.0	8.3	▶	▶	▶	
Chicken		280.0	0.0	0.0	0.0	▶	▶	▶	
Mas (black gram)		120.0	0.0	0.0	-	▶	▶	-	
Musuro		130.0	0.0	0.0	18.2	▶	▶	▲	
Potato		40.0	0.0	0.0	33.3	▶	▶	▲	
Sankabagar		Coarse rice	35.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	2.9	▶	▶	▶	
	Chicken	250.0	0.0	0.0	-24.2	▶	▶	▼	
	Mustard oil	140.0	0.0	0.0	0.0	▶	▶	▶	
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶	
	Musuro	120.0	0.0	0.0	20.0	▶	▶	▶	
	Potato	30.0	0.0	0.0	-25.0	▶	▶	▼	
	Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
Wheat flour		60.0	0.0	0.0	0.0	▶	▶	▶	
Soybean oil		140.0	0.0	0.0	0.0	▶	▶	▶	
Chicken		320.0	0.0	0.0	0.0	▶	▶	▶	
Mas (black gram)		100.0	0.0	0.0	-9.1	▶	▶	▶	
Musuro		100.0	0.0	0.0	-28.6	▶	▶	▼	
Potato		30.0	-25.0	0.0	150.0	▼	▶	▲	
Bajura		Coarse rice	40.0	5.3	11.1	15.9	▲	▲	▲
	Wheat flour	38.0	5.6	5.6	-24.0	▲	▶	▼	
	Beans	120.0	0.0	0.0	-7.7	▶	▶	▶	
	Mas (black gram)	110.0	-4.3	4.8	-21.4	▶	▶	▼	
	Musuro	110.0	-4.3	4.8	-21.4	▶	▶	▼	
	Potato	30.0	20.0	0.0	20.0	▲	▶	▲	
	Hill and Mountain markets without road access								
	Humla	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶	▶
Wheat flour		230.0	-	0.0	4.5	-	▶	▶	
Soybean oil		280.0	0.0	16.7	0.0	▶	▶	▶	
Beans		120.0	9.1	20.0	9.1	▲	▲	▶	
Mas (black gram)		-	-	-	-	-	-	-	
Musuro		-	-	-	-	-	-	-	
Potato		20.0	-50.0	-33.3	-33.3	▼	▼	▼	
Dolpa		Coarse rice	100.0	5.3	5.3	11.1	▲	▶	▶
	Wheat flour	130.0	18.2	18.2	18.2	▲	▲	▲	
	Soybean oil	230.0	15.0	53.3	15.0	▲	▲	▶	
	Beans	200.0	33.3	33.3	33.3	▲	▲	▲	
	Mas (black gram)	170.0	0.0	0.0	0.0	▶	▶	▶	
	Musuro	200.0	0.0	0.0	0.0	▶	▶	▶	
	Potato	40.0	0.0	0.0	0.0	▶	▶	▶	

For the latest information relating to food security in Nepal check out the Nepal Food Security Monitoring System (NeKSAP) google site <http://www.sites.google.com/site/nefoodsec>