



Market Watch

April 2009⁺

Jointly produced by:

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

HIGHLIGHTS

- Supply constraints remained a serious concern for rural markets this month. Many rural markets are now experiencing critical food shortages for the second month in a row due to bandhs and fuel shortages.
- At a national level, the price of most staple food commodities remained high during April, but were generally stable compared to the previous month.
- Food price inflation is still of key concern. The year-on-year inflation figures for March, saw a 53 percent rise in the price of sugar and a 24.6 percent rise in the price of vegetables.

NATIONAL MARKET DEVELOPMENTS

Price

- At a national level the price of most staple food commodities remained high but generally stable during April. Compared to last month the price of rice, wheat flour, black gram and cooking oil all remained largely unchanged.
- Unlike neighboring countries in the region, the price of staple food commodities in Nepal remain significantly high compared to 18 months ago -when the price of food first started to steeply increase. The price of rice remains up by 19 percent, the price of mustard oil remains up by 30 percent, and the price of musuro remains up by 37 percent.
- The continued price increase of sugar and vegetables this month remains of major concern. Recently released year-on-year inflation figures for the year ending mid March, saw a 53 percent price rise in the price of sugar, and a 24.6 percent rise in the price of vegetables.
- Due to the perishable nature of vegetable products, price increases are largely related to continued supply disruptions, as highlighted in the following section.

Supply

- Supply constraints remained a serious concern for rural markets during April.
- The supply conditions at the beginning of April were generally low in many markets across the country due to a 13 day bandh in the Terai during March. In the first two weeks of April supply initially improved, and by mid month 72 percent of mountain markets had sufficient supply of coarse rice compared to only 60 percent in March.
- Another indefinite bandh in the Terai called by the Tharus group on the 22nd of April, re-blocked food supply routes. Rural markets are now experiencing critical food shortages for the second month in a row.
- Prevailing fuel shortages caused an added supply burden through much of the month. This was initially the result of a temporary closure of the Indian border due to the general election (the supply source of Nepal's fuel), but was exasperated by bandhs in the Terai which inhibited fuel delivery from India to the rest of Nepal when the border re-opened.
- During much of April, fuel in Kathmandu was either unavailable, or required motorists to endure lengthy queuing to receive only minimal refills. According to traders surveyed by WFP, this lack of fuel caused major food transportation issues across Nepal; in some areas food items simply were not transported to market.

MARKET OUTLOOK

- This month MoAC undertook a joint crop assessment with WFP and FAO. The findings are expected to support preliminary WFP analysis which indicated that an additional 2 million people in Nepal will face severe food insecurity due to poor winter harvests. Due to lack of rain, there is also now a growing concern relating to the production of spring/ summer crops such as maize and potato.
- Continued bandhs are likely to remain the major issue impacting market supply and food price over the coming month. Given poor harvests, this supply will become increasingly critical.

MARKETS/ COMMODITIES WITH LARGEST CHANGE

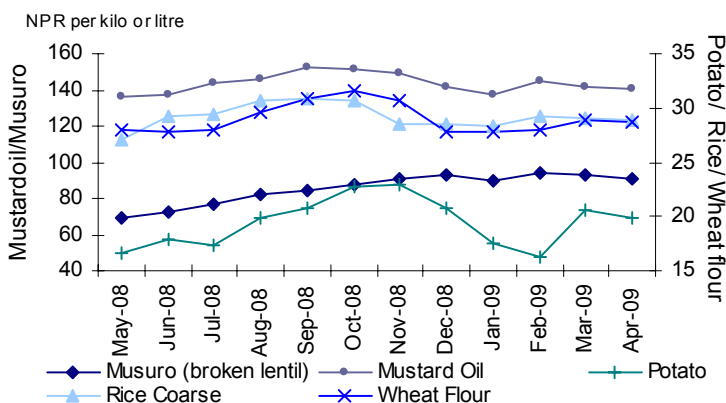
Largest decreases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Cooking oil Soybean oil	Ave 117	6%	Price decrease was mostly in major markets and Terai feeder markets, indicating that nationwide prices may drop further in coming months. This is in line with the dipping of international demand and prices for almost all oil products.

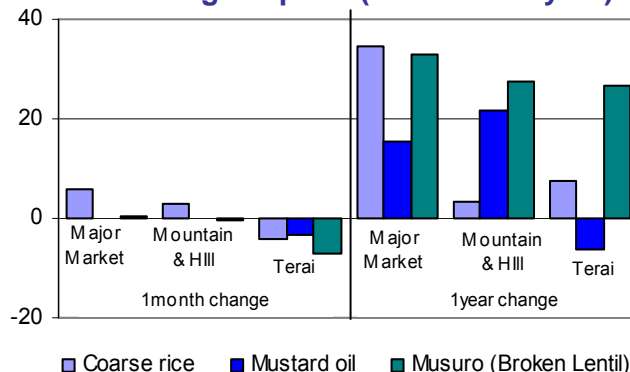
Largest increases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Dailekh All items	-	Ave. 5-15%	Reduced supply from Indian border markets.
Sugar Saptari Salahri	51	21%	Reduced production and reportedly continued anti competitive behavior.

Average price over 12 month period*



% Change in price (1 month & 1 year)**



⁺ Analysis covers the Nepalese month of Chaitra

^{*} Prices are taken 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



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	37.0	8.8	-7.5	23.3	▲	▶	▲	
	Wheat flour	27.0	0.0	-21.7	-10.0	▶	▼	▶	
	Soybean oil	90.0	-20.4	-28.0	-26.5	▼	▼	▼	
	Chicken	205.0	24.2	22.4	29.1	▲	▲	▲	
	Mustard oil	135.0	6.3	1.9	3.6	▲	▶	▶	
	Mas (black gram)	85.0	0.0	-0.6	16.4	▶	▶	▲	
	Musuro	100.0	3.1	2.6	33.3	▶	▶	▲	
	Potato - red	21.0	5.0	13.5	40.0	▶	▲	▲	
	Pokhara	Coarse rice	35.0	2.9	-5.4	45.9	▶	▶	▲
Wheat flour		28.0	0.0	0.0	0.0	▶	▶	▶	
Soybean oil		110.0	-21.4	-15.4	16.9	▼	▼	▲	
Chicken		200.0	0.0	-14.9	6.3	▶	▼	▶	
Mustard oil		140.0	-6.7	-9.7	27.3	▼	▶	▲	
Mas (black gram)		80.0	11.1	0.0	0.0	▲	▶	▶	
Musuro I		98.0	-2.0	-2.0	32.2	▶	▶	▲	
Potato - red		24.0	33.3	23.1	-	▲	▲	-	
Regional Terai markets		Biratnagar	Coarse rice	22.5	-6.3	-6.3	1.4	▼	▶
	Wheat flour		25.0	4.2	-7.4	-8.8	▶	▶	▶
	Soybean oil		112.0	-5.1	-2.6	-18.8	▼	▶	▼
	Chicken		180.0	2.9	-7.7	1.1	▶	▶	▶
	Mustard oil		125.0	-1.6	-2.0	-3.8	▶	▶	▶
	Mas (black gram)		70.0	-5.4	-7.6	16.7	▼	▶	▲
	Musuro		82.0	-8.9	8.3	17.1	▼	▶	▲
	Potato - red		12.0	20.0	-9.4	-	▲	▶	-
	Biratnagar		Coarse rice	24.4	1.7	8.0	0.1	▶	▶
Wheat flour		23.0	0.0	11.1	-10.9	▶	▲	▶	
Soybean oil		110.0	0.0	0.0	-16.2	▶	▶	▼	
Chicken		180.0	0.0	0.0	28.6	▶	▶	▲	
Mustard oil		120.0	-4.0	-3.2	-13.4	▶	▶	▶	
Mas (black gram)		74.0	2.8	5.4	22.5	▶	▶	▲	
Musuro		90.0	0.0	-	31.6	▶	-	▲	
Potato - red		14.0	16.7	27.3	40.0	▲	▲	▲	
Nepalgunj		Coarse rice	24.0	-4.0	14.3	4.3	▶	▲	▶
	Wheat flour	23.0	-6.1	12.2	15.0	▼	▶	▶	
	Soybean oil	115.0	-11.5	-2.8	45.6	▼	▶	▲	
	Chicken	180.0	-1.1	-2.7	12.5	▶	▶	▶	
	Mustard oil	120.0	-11.1	-7.7	-7.7	▼	▶	▶	
	Mas (black gram)	70.0	-6.7	9.4	-4.8	▼	▶	▶	
	Musuro	75.0	-21.1	-11.8	25.0	▼	▼	▲	
	Potato - red	16.0	-20.0	77.8	-	▼	▲	-	
	Dhangadhi	Coarse rice	25.0	-3.8	13.6	31.6	▶	▲	▲
Wheat flour		23.0	4.5	27.8	12.2	▶	▲	▶	
Soybean oil		115.0	4.5	35.3	70.4	▶	▲	▶	
Chicken		185.0	2.8	-7.5	25.4	▶	▶	▲	
Mustard oil		130.0	0.0	30.0	-3.7	▶	▲	▶	
Mas (black gram)		82.0	2.5	26.2	-1.8	▶	▶	▶	
Musuro		95.0	-5.0	5.6	37.7	▶	▶	▲	
Potato - red		13.0	0.0	18.2	-	▶	▲	-	

- ▲ 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 available.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over			
			1 m	3 m	1 yr	1m	3m	1yr	
Bhairahawa	Coarse rice	24.0	-7.7	-4.0	0.0	▼	▶	▶	
	Wheat flour	24.0	-4.0	0.0	0.0	▶	▶	▶	
	Soybean oil	120.0	4.3	0.0	-17.8	▶	▶	▼	
	Chicken	170.0	6.3	0.0	30.8	▲	▶	▲	
	Mustard oil	150.0	0.0	0.0	-2.3	▶	▶	▶	
	Mas (black gram)	70.0	0.0	0.0	3.7	▶	▶	▶	
	Musuro	90.0	0.0	-8.2	22.4	▶	▶	▲	
	Potato - red	19.0	46.2	5	-	▲	▲	-	
	Hill and mountain markets with road access								
Dhankuta	Coarse rice	25.0	0.0	4.2	-3.8	▶	▶	▶	
	Wheat flour	28.0	0.0	5.7	-15.2	▶	▶	▼	
	Soybean oil	120.0	0.0	-7.7	-15.0	▶	▶	▼	
	Chicken	248.0	8.8	-0.8	55.0	▲	▶	▲	
	Mas (black gram)	85.0	0.0	-0.6	6.3	▶	▶	▶	
	Musuro	98.0	0.0	5.9	50.8	▶	▶	▲	
	Potato - red	20.0	11.1	11.1	33.3	▲	▲	▲	
	Rolpa	Coarse rice	26.5	-1.9	1.9	1.9	▶	▶	▶
		Wheat flour	32.0	-3.0	0.0	6.7	▶	▶	▶
Soybean oil		132.0	-2.2	-2.2	12.3	▶	▶	▶	
Chicken		200.0	0.0	-1.2	25.0	▶	▶	▲	
Mas (black gram)		90.0	-2.2	5.9	20.0	▶	▶	▲	
Musuro		97.0	1.0	7.8	32.9	▶	▶	▲	
Potato - red		25.0	-16.7	0.0	-	▼	▶	-	
Sanjebagar		Coarse rice	29.0	3.6	16.0	-17.1	▶	▲	▼
		Wheat flour	32.0	3.2	6.7	0.0	▶	▶	▶
	Soybean oil	#DIV/0!	-	-	-	-	-	-	
	Chicken	198.0	3.1	-20.8	-1.0	▶	▼	▶	
	Mas (black gram)	85.0	3.7	6.3	0.0	▶	▶	▶	
	Musuro	88.0	3.5	10.0	25.7	▶	▶	▲	
	Potato - red	30.0	-28.6	-25.0	-33.3	▼	▼	▼	
	Jumla	Coarse rice	45.0	-4.3	0.0	28.6	▶	▶	▲
		Wheat flour	50.0	-3.8	11.1	8.7	▶	▲	▶
Soybean oil		150.0	0.0	0.0	36.4	▶	▶	▲	
Chicken		270.0	3.8	3.8	8.0	▶	▶	▶	
Mas (black gram)		70.0	-2.8	-3.4	-12.5	▶	▶	▶	
Musuro		80.0	-5.9	-0.6	0.0	▼	▶	▶	
Potato - red		25.0	-16.7	26.6	66.7	▼	▲	▲	
Hill and Mountain markets without road access									
Humla		Coarse rice*	40.0	14.3	0.0	29.0	▲	▶	▲
	Wheat flour	160.0	0.0	0.0	33.3	▶	▶	▲	
	Soybean oil	280.0	0.0	0.0	43.6	▶	▶	▲	
	Beans	50.0	0.0	0.0	-	▶	▶	-	
	Musuro	#DIV/0!	-	-	(blank)	-	-	▶	
	Potato - red	40.0	33.3	0	-	▲	▲	-	
	Dolpa	Coarse rice	70.0	0.0	-12.5	7.7	▶	▼	▶
		Wheat flour	90.0	0.0	0.0	-10.0	▶	▶	▶
		Soybean oil	200.0	0.0	0.0	11.1	▶	▶	▶
Beans		100.0	11.1	-16.7	-	▲	▼	-	
Mas (black gram)		130.0	0.0	-13.3	-	▶	▼	-	
Musuro		170.0	0.0	-5.6	-	▶	▶	-	
Potato - red		30.0	20.0	0.0	-	▲	▶	-	
Bajura		Coarse rice	29.0	7.4	-23.7	-23.7	▲	▼	▼
		Wheat flour	40.0	-4.8	-7.0	-11.1	▶	▶	▶
	Beans	#DIV/0!	-	-	-	-	-	-	
	Mas (black gram)	#DIV/0!	-	-	-	-	-	-	
	Musuro	110.0	0.0	10.0	-	▶	▶	-	
	Potato - red	30.0	-14.3	0.0	-	▼	▶	-	

All price information in this report refers to retail prices until April 15.