



Market Watch 23

March 2010

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/ Agricultural Enterprise Centre
- CIPF – Consumer Interest Protection Forum



HIGHLIGHTS

- National food price inflation remains of significant concern. Staple food prices, including those of coarse rice and wheat, rose slightly over the past month. Nepal Rastra Bank's March 2010 data indicates that recent year-on-year food price inflation is over 18 percent. High food prices are driving overall consumer price inflation, which is currently estimated at 12.6 percent.**
- Because of the recent Avian Influenza outbreak in Nepalgunj and Nawalparasi districts, poultry supply has been reduced, significantly increasing the price of chicken sold in Kathmandu and other urban markets.**
- An increase in fuel costs is making food transportation more expensive – this is likely to continue to raise food prices in coming months.**

NATIONAL MARKET DEVELOPMENTS

Price

In general, the price of staple food grains has remained stable or slightly increased across Nepal this month. In the markets regularly monitored by WFP and MoAC, the average price of coarse rice in March was Npr 31.5 per kilo (compared to Npr 31 last month); the national average wheat price was Npr 33 per kilo (compared to Npr 32 last month); and Blackgram was Npr 112 per kilo (compared to Npr 113 last month).

National food price inflation still remains of significant concern. The most recent year-on-year food price inflation figure provided by the Nepal Rastra Bank in March was over 18 percent. High food prices are driving overall high consumer price inflation, which is currently estimated at 12.6 percent. Insubstantial tomato production has induced urban market price hikes, while hailstorms have negatively impacted the production of several other vegetable crops causing similar price increases.

In March the Nepal Oil Corporation (NOC) lifted the price of fuel twice in response to increased international oil prices. The latest increase was Npr 2.5 for petrol (now 80.25 Npr/ltr) and Npr 2 for Diesel (now 61.4 Npr/ltr). In the markets surveyed by WFP, 15 percent of Hill traders and 20 percent of Terai traders told WFP field monitors that their transportation costs had increased. The main factor for this was fuel prices. The price of kerosene (used for cooking) also increased by Npr 2 (now 61.4 Npr/ltr).

The wholesale price of sugar continued to increase during the past month, despite international market price decreases. Almost 40 percent of traders in the mountains paid higher wholesale prices, 21 percent in the Hills and 7 percent in the Terai.

Supply

During January, politically motivated bandhs caused market closure in over 50 percent of markets monitored by WFP. Transportation unions also forced market closure in Panchthar. Markets which were forced to close for at least one day during March included: Taplejung, Panchthar, Udayapur, Saptari, Siraha, Dhanusa, Mahottari, Sarlahi, Dang, Banke, Surkhet, Dailekh, Jajarkot, Dolpa, Jumla, Kalikot, Kailali and Kanchanpur.

Grain prices are starting to increase as the next harvest season approaches. Maize crop failures estimated by farmers at Npr 2 million and stemming from sterile hybrid seeds will affect supply coming out of Bara and Parsa districts.

Outlook

Food prices are likely to continue to rise until the winter harvest, which will start in most areas within the next 2-3 months. The winter harvest is expected to be normal and India is also expecting a strong crop. Wheat prices are expected to ease following the forthcoming harvest. However, rice prices are anticipated to continue to increase until the summer harvest in late 2010.

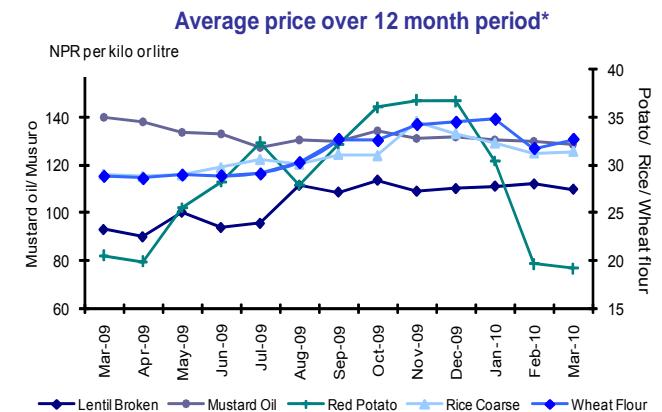
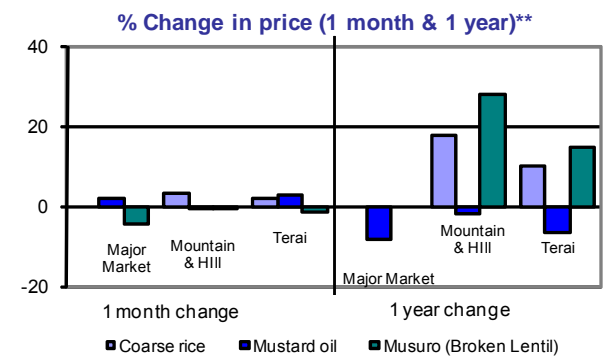
MAJOR PRICE CHANGE (OVER PAST MONTH)

Largest increases in prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Kerosene	61 Npr/ltr	5%	Increase in Kerosene price by NOC.

Largest decreases in prices of key commodities

Seasonal vegetables	-	-10% to -45%	Improved supply.
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† Prices relate to the Nepali month of Falgun.
 * 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

Market Watch - 23 Major retail commodity prices for March.

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	32.0	0.0	-20.0	-5.9	▶	▼	▶
	Wheat flour	31.0	6.9	14.8	14.8	▲	▲	▶
	Soybean oil	95.0	-2.1	9.2	-15.9	▶	▶	▼
	Chicken	280.0	2.6	12.0	69.7	▶	▲	▲
	Mustard oil	113.0	5.6	5.6	-11.0	▲	▶	▶
	Mas (black gram)	122.0	-8.3	-3.9	43.5	▼	▶	▲
	Musuro	97.0	-9.3	-7.6	0.0	▼	▶	▶
Potato - red	18.0	-14.3	-59.1	-10.0	▼	▼	▶	
Pokhara	Coarse rice	36.0	0.0	2.9	5.9	▶	▶	▶
	Wheat flour	35.0	2.9	2.9	25.0	▶	▶	▲
	Soybean oil	105.0	7.1	5.0	-25.0	▲	▶	▼
	Chicken	280.0	12.0	16.7	40.0	▲	▲	▲
	Mustard oil	142.0	-2.1	1.4	-5.3	▶	▶	▶
	Mas (black gram)	118.0	-1.7	-9.2	63.9	▶	▶	▲
	Musuro	100.0	0.0	-10.7	0.0	▶	▼	▶
Potato - red	22.0	0.0	-51.1	22.2	▶	▼	▲	
Regional Terai markets								
Biratnagar	Coarse rice	26.5	15.2	1.9	10.4	▲	▶	▶
	Wheat flour	28.0	3.7	13.8	16.7	▶	▲	▲
	Soybean oil	94.0	-6.0	4.4	-20.3	▼	▶	▼
	Chicken	300.0	11.1	53.8	71.4	▲	▲	▲
	Mustard oil	120.0	0.0	-6.3	-5.5	▶	▶	▶
	Mas (black gram)	115.0	0.0	21.1	55.4	▶	▲	▲
Birgunj	Coarse rice	29.4	5.0	5.0	22.5	▶	▶	▲
	Wheat flour	26.0	4.0	8.3	13.0	▶	▶	▶
	Soybean oil	100.0	2.0	-3.8	-9.1	▶	▶	▶
	Chicken	260.0	18.2	4.0	44.4	▲	▶	▲
	Mustard oil	120.0	0.0	4.3	-4.0	▶	▶	▶
	Mas (black gram)	80.0	8.1	-1.6	11.1	▲	▶	▶
Nepalgunj	Coarse rice	30.0	0.0	7.1	20.0	▶	▶	▲
	Wheat flour	25.0	4.2	0.0	2.0	▶	▶	▶
	Soybean oil	95.0	5.6	5.6	-26.9	▲	▶	▼
	Chicken	220.0	3.3	-	20.9	▶	-	▲
	Mustard oil	110.0	10.0	1.9	-18.5	▲	▶	▼
	Mas (black gram)	100.0	-20.0	-2.0	33.3	▼	▶	▲
Dhangadhi	Coarse rice	26.1	0.0	-3.7	0.4	▶	▶	▶
	Wheat flour	26.0	-1.9	0.0	18.2	▶	▶	▲
	Soybean oil	70.0	0.0	-	-36.4	▶	-	▼
	Chicken	200.0	0.0	-33.3	11.1	▶	▼	▶
	Mustard oil	120.0	0.0	0.0	-7.7	▶	▶	▶
	Mas (black gram)	121.0	-6.9	-4.0	51.3	▼	▶	▲
Dhangadhi	Musuro	110.0	0.0	10.0	10.0	▶	▶	▶
	Potato - red	11.0	0.0	-56.0	-15.4	▶	▼	▼

▲ 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
Bhairahawa	Coarse rice	25.0	-10.7	-3.8	-3.8	▼	▶	▶
	Wheat flour	26.0	0.0	4.0	4.0	▶	▶	▶
	Soybean oil	90.0	0.0	0.0	-21.7	▶	▶	▼
	Chicken	160.0	0.0	-42.9	0.0	▶	▼	▶
	Mustard oil	155.0	3.3	3.3	3.3	▶	▶	▶
	Mas (black gram)	122.0	-2.4	22.0	74.3	▶	▲	▲
	Musuro	125.0	0.0	0.0	38.9	▶	▶	▲
	Potato - red	13.0	-13.3	-62.9	0.0	▼	▼	▶

Hill and mountain markets with road access

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%) *			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Dhankuta	Coarse rice	26.0	0.0	0.0	4.0	▶	▶	▶
	Wheat flour	31.0	0.0	6.9	10.7	▶	▶	▶
	Soybean oil	100.0	-4.8	0.0	-16.7	▶	▶	▼
	Chicken	350.0	2.9	64.3	53.5	▶	▲	▲
	Mas (black gram)	100.0	0.0	0.0	17.6	▶	▶	▲
	Musuro	110.0	0.0	0.0	12.2	▶	▶	▶
	Potato - red	20.0	-20.0	-50.0	11.1	▼	▼	▶
Rolpa	Coarse rice	35.0	0.0	0.0	29.6	▶	▶	▲
	Wheat flour	40.0	14.3	-11.1	21.2	▲	▼	▲
	Soybean oil	110.0	-15.4	-8.3	-18.5	▼	▶	▼
	Chicken	360.0	38.5	63.6	80.0	▲	▲	▲
	Mas (black gram)	120.0	26.3	0.0	30.4	▲	▶	▲
	Musuro	120.0	-4.0	0.0	25.0	▶	▶	▲
Sanfebagar	Coarse rice	30.0	0.0	0.0	7.1	▶	▶	▶
	Wheat flour	32.0	0.0	6.7	3.2	▶	▶	▶
	Soybean oil	-	-	-	-	-	-	-
	Chicken	300.0	0.0	-	56.3	▶	-	▲
	Mas (black gram)	120.0	0.0	0.0	46.3	▶	▶	▲
	Musuro	120.0	0.0	0.0	41.2	▶	▶	▲
Jumla	Coarse rice	50.0	0.0	-23.1	6.4	▶	▼	▶
	Wheat flour	60.0	0.0	-33.3	15.4	▶	▼	▲
	Soybean oil	140.0	0.0	-12.5	-6.7	▶	▼	▶
	Chicken	300.0	0.0	-	15.4	▶	-	▲
	Mas (black gram)	110.0	0.0	22.2	52.8	▶	▲	▲
	Musuro	130.0	0.0	8.3	52.9	▶	▶	▲
Potato - red	20.0	0.0	-20.0	-33.3	▶	▼	▼	

Hill and Mountain markets without road access

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%) *			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Humla	Coarse rice*	38.0	8.6	-	8.6	▲	-	▶
	Wheat flour	230.0	4.5	-	43.8	▶	-	▲
	Soybean oil	300.0	0.0	0.0	7.1	▶	▶	▶
	Beans	100.0	0.0	42.9	100	▶	▲	▲
	Musuro	-	-	-	-	-	-	-
	Potato - red	40.0	14.3	0.0	33.3	▲	▶	▲
Dolpa	Coarse rice	90.0	0.0	0.0	28.6	▶	▶	▲
	Wheat flour	105.0	5.0	0.0	16.7	▶	▶	▲
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶
	Beans	150.0	0.0	20.0	66.7	▶	▲	▲
	Mas (black gram)	170.0	-	0.0	30.8	-	▶	▲
	Musuro	200.0	0.0	0.0	17.6	▶	▶	▲
Bejura	Potato - red	50.0	0.0	25.0	0	▶	▲	▲
	Coarse rice	38.0	13.8	-24.0	40.7	▲	▼	▲
	Wheat flour	-	-	-	-	-	-	-
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	120.0	-	-	-	-	-	-
	Musuro	130.0	0.0	-	62.5	▶	-	▲
Potato - red	130.0	0.0	0.0	18.2	▶	▶	▲	

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