



# Market Watch 25

July 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 over the past month. Nepal Rastra Bank's June 2010 data indicates year-on-year food price inflation is over 14 percent for staple commodities.**
- In recent weeks many major supply roads and trails leading into hill and mountain areas have been obstructed by landslides caused by monsoon rain. The Karnali Highway is operational only to Kalikot. This has pushed prices up by 15- 20 percent in Jumla since mid August. Roads are also impaired by landslides in the districts of Khotang, Sankhuwasabha, Okhaldhunga, Bhojpur, and Taplejung.**

## NATIONAL MARKET DEVELOPMENTS

### Price

The average price of staple food grains in Nepal has increased this month. In the markets regularly monitored by WFP and MoAC, the national average price of coarse rice in July was Npr 34 per kilo (compared to 33 last month); the average price of wheat was Npr 35 per kilo (compared to Npr 34 last month); and the average price of musuro (broken lentil) was Npr 109 per kilo (compared to Npr 105 last month). The average price of potato remained relatively stable at Npr 22. Price increases reflect a worsening supply situation due to impaired transportation routes (see supply section below) and may also reflect a reported tightening of trade across the Indian border (see below).

Rice prices in major consumer markets have increased by around Npr 5 per kilo compared to last month, and this is reportedly related to tighter border control of Indian exports to Nepal (the export of staple grains such as coarse rice and wheat is banned by India). The significant increase in price is of great concern to consumer groups and the Government. The Government of Nepal has reportedly stepped up efforts to import 25,000 mt of rice from India.

Year on year (y-o-y) food price inflation, as measured by the consumer price index, moderated to 11.3 percent in mid-June 2010 compared to 19 percent in the corresponding period last year. The moderation in inflation is primarily due to a better winter harvest this year compared to last. However, sustained double digit food price inflation is still concerning, particularly as food price increases are highest for staple food items such as grains and cereal products (14.1 percent inflation).

### Supply

In recent weeks many major supply roads and trails leading into hill and mountain areas have become hindered due to landslides caused by monsoon rain. This situation is particularly bad in the Mid and Far West of Nepal. The Karnali Hwy to Jumla, the only major road that serves the remote districts of the Karnali, has been blocked since mid July. The road is operational up to Khidkijyula, a market area on the border of Dailekh and Kalikot districts. Roads are also obstructed in Khotang, Sankhuwasabha, Okhaldhunga, Bhojpur, and Taplejung districts. The market prices of key commodities have increased by 15-20 percent in Jumla since the beginning of August.

The syndicate transportation system has re-started in Nepal. The effect of this on transport prices is yet to be seen. There has been no major hike in transport rates following the most recent hike in diesel prices (of Npr 3). However, it is expected that fuel price increases will soon push up the price of goods transportation –this will come on top of already inflated monsoon prices.

## Outlook

Grain prices are likely to continue to rise until the completion of the summer harvest (September for maize and November for paddy). The harvest is expected to be normal in most areas.

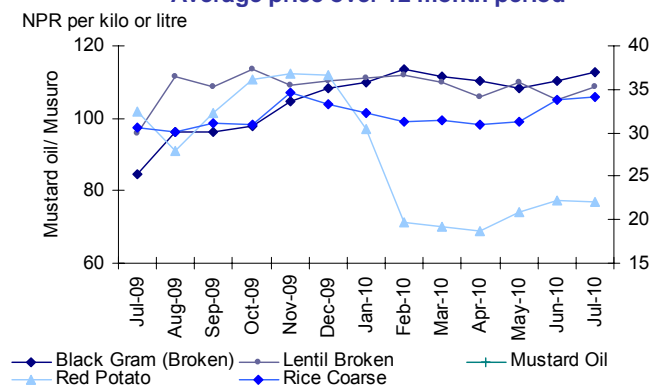
Pulse prices could decrease in coming months due to a bumper crop harvest in India and a reduction of pulse prices in India by as much as 44 percent in some markets.

In 2010, there has been a significant increase in international grain prices, the impact on Nepal will be closely monitored in coming months.

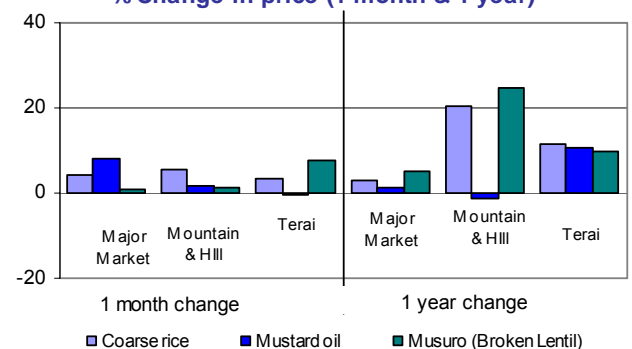
## MAJOR PRICE CHANGE (OVER PAST MONTH)

Largest increase in prices of key commodities			
District or Commodity	Price NRs/kg/L	% change 1 month	Observation
<b>Bajura</b> Rice	50 Npr	47%	Supply constraints due to landslides
Largest decreases in prices of key commodities			
<b>Chicken</b> Kathmandu	175 Npr/kg	-4%	This was due to lower demand in July.
Kaski	320 Npr/kg	-11%	

## Average price over 12 month period\*



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



For the latest information relating to food security in Nepal check out the Food Security Monitoring System (NeKSAP) google group <http://groups.google.com/group/NeKSAP?hl=en>.

† Prices relate to the Nepali month of Ashad.  
\* 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 - 24 Major retail commodity prices for July.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
<b>Major consumer markets</b>								
Kathmandu	Coarse rice	35.0	2.9	9.4	-5.4	▶	▶	▶
	Wheat flour	34.0	0.0	9.7	25.9	▶	▶	▶
	Soybean oil	95.0	5.6	5.6	9.2	▶	▶	▶
	Chicken	175.0	-4.4	-35.2	-27.1	▶	▼	▼
	Mustard oil	120.0	20.0	20.0	6.2	▶	▶	▶
	Mas (black gram)	115.0	4.5	-4.2	36.9	▶	▶	▶
	Musuro	102.0	2.0	2.0	5.2	▶	▶	▶
	Potato	30.0	0.0	66.7	-9.1	▶	▶	▶
	Pokhara	Coarse rice	40.0	5.3	14.3	11.1	▶	▶
Wheat flour		34.0	-2.9	0.0	21.4	▶	▶	▶
Soybean oil		105.0	0.0	-4.5	-16.0	▶	▶	▶
Chicken		320.0	-11.1	-8.6	14.3	▶	▶	▶
Mustard oil		135.0	-3.6	0.0	-3.6	▶	▶	▶
Mas (black gram)		130.0	4.0	4.0	44.4	▶	▶	▶
Musuro		105.0	0.0	0.0	5.0	▶	▶	▶
Potato		25.0	-16.7	78.6	-30.6	▶	▶	▶

<b>Regional Terai markets</b>								
Biratnagar	Coarse rice	32.0	14.3	20.8	33.3	▶	▶	▶
	Wheat flour	29.0	3.6	0.0	31.8	▶	▶	▶
	Soybean oil	90.0	-5.3	0.0	0.0	▶	▶	▶
	Chicken	248.0	0.0	-17.3	3.3	▶	▶	▶
	Mustard oil	115.0	-2.5	0.0	-4.2	▶	▶	▶
	Mas (black gram)	98.0	7.0	8.9	44.1	▶	▶	▶
	Musuro	88.0	-2.2	-5.4	-8.3	▶	▶	▶
	Potato	25.0	38.9	3	-26.9	▶	▶	▶
	Biratnagar	Coarse rice	34.0	0.0	18.9	-	▶	▶
Wheat flour		36.6	38.6	38.6	50.0	▶	▶	▶
Soybean oil		174.0	74.0	75.4	93.3	▶	▶	▶
Chicken		240.0	0.0	-7.7	9.1	▶	▶	▶
Mustard oil		120.0	0.0	0.0	12.1	▶	▶	▶
Mas (black gram)		100.0	0.0	35.1	33.7	▶	▶	▶
Musuro		105.0	5.0	6.3	10.5	▶	▶	▶
Potato		20.0	11.1	66.7	-23.1	▶	▶	▶
Nepalgunj		Coarse rice	28.5	0.0	-1.7	5.0	▶	▶
	Wheat flour	28.3	0.0	15.3	23.4	▶	▶	▶
	Soybean oil	90.0	0.0	-5.3	-18.2	▶	▶	▶
	Chicken	220.0	0.0	-2.2	2.3	▶	▶	▶
	Mustard oil	115.0	0.0	4.5	-11.5	▶	▶	▶
	Mas (black gram)	87.0	0.0	-11.2	4.2	▶	▶	▶
	Musuro	85.0	0.0	-14.1	-9.4	▶	▶	▶
	Potato	13.0	0.0	-35.0	-51.9	▶	▶	▶
	Dhangadhi	Coarse rice	30.0	7.1	11.1	7.1	▶	▶
Wheat flour		26.0	4.0	-7.1	18.2	▶	▶	▶
Soybean oil		100.0	6.4	25.0	11.1	▶	▶	▶
Chicken		250.0	0.0	-16.7	25.0	▶	▶	▶
Mustard oil		120.0	0.0	0.0	20.0	▶	▶	▶
Mas (black gram)		145.0	3.6	7.4	61.1	▶	▶	▶
Musuro		130.0	30.0	62.5	38.3	▶	▶	▶
Potato		16.0	6.7	60.0	-54.3	▶	▶	▶

- ▶ 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
Bhairahawa	Coarse rice	28.0	-3.4	16.7	0.0	▶	▶	▶
	Wheat flour	25.0	4.2	-3.8	13.6	▶	▶	▶
	Soybean oil	95.0	5.6	9.2	0.0	▶	▶	▶
	Chicken	200.0	0.0	0.0	0.0	▶	▶	▶
	Mustard oil	150.0	0.0	0.0	36.4	▶	▶	▶
	Mas (black gram)	110.0	0.0	-9.8	4.8	▶	▶	▶
	Musuro	115.0	4.5	-2.5	17.3	▶	▶	▶
	Potato	15.0	0.0	25.0	-40.0	▶	▶	▶

### Hill and mountain markets with road access

Dhankuta	Coarse rice	33.0	3.1	26.9	32.0	▶	▶	▶
	Wheat flour	33.0	0.0	3.1	13.8	▶	▶	▶
	Soybean oil	100.0	0.0	0.0	-9.1	▶	▶	▶
	Chicken	330.0	3.1	-5.7	10.0	▶	▶	▶
	Mas (black gram)	105.0	5.0	5.0	23.5	▶	▶	▶
	Musuro	101.0	1.0	1.0	1.0	▶	▶	▶
	Potato	27.0	35.0	-3.6	-10.0	▶	▶	▶
Rolpa	Coarse rice	40.0	0.0	14.3	42.9	▶	▶	▶
	Wheat flour	50.0	0.0	25.0	51.5	▶	▶	▶
	Soybean oil	120.0	0.0	9.1	-11.1	▶	▶	▶
	Chicken	270.0	0.0	-25.0	8.0	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	30.4	▶	▶	▶
	Musuro	115.0	0.0	-4.2	15.0	▶	▶	▶
Sanfobagar	Coarse rice	30.0	0.0	-	7.1	▶	-	▶
	Wheat flour	32.0	0.0	-	6.7	▶	-	▶
	Soybean oil	#DIV/0!	-	-	-	-	-	-
	Chicken	300.0	0.0	-	20.0	▶	-	▶
	Mas (black gram)	120.0	0.0	-	33.3	▶	-	▶
Jumla	Coarse rice	45.0	-10.0	-10.0	0.0	▶	▶	▶
	Wheat flour	60.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	140.0	16.7	16.7	-6.7	▶	▶	▶
	Chicken	320.0	6.7	6.7	14.3	▶	▶	▶
	Mas (black gram)	110.0	0.0	0.0	57.1	▶	▶	▶
Musuro	130.0	0.0	0.0	62.5	▶	▶	▶	
Potato	12.0	-52.0	-40.0	-70.0	▶	▶	▶	

### Hill and Mountain markets without road access

Humla	Coarse rice*	39.0	0.0	2.6	-	▶	▶	-
	Wheat flour	200.0	-16.7	-9.1	-	▶	▶	-
	Soybean oil	300.0	0.0	0.0	-	▶	▶	-
	Beans	100.00	5.26	0.00	-	▶	▶	-
	Musuro	-	-	-	-	-	-	-
Dolpa	Coarse rice	90.0	0.0	0.0	-	▶	▶	-
	Wheat flour	110.0	0.0	4.8	-	▶	▶	-
	Soybean oil	200.0	0.0	0.0	-	▶	▶	-
	Beans	150.00	0.00	0.00	-	▶	▶	-
	Mas (black gram)	130.0	-23.5	-23.5	-	▶	▶	-
	Musuro	200.0	0.0	0.0	-	▶	▶	-
Bajura	Coarse rice	50.0	47.1	53.8	-	▶	▶	-
	Wheat flour	45.0	-2.2	-19.6	-	▶	▶	-
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	140.0	7.7	7.7	-	▶	▶	-
	Musuro	140.0	7.7	7.7	-	▶	▶	-
Potato	20.0	-42.9	-20.0	-	▶	▶	-	

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