



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



Market Watch 33

September 2011†

HIGHLIGHTS

- **In September 2011, prices of most monitored commodities across the various markets show marginal fluctuations with few exceptions– an indication of improved market integration across the country .**
- **As per the latest report released by the Nepal Rastra Bank (NRB), the year-on-year (y-o-y) consumer price inflation remained at 9.6 percent in mid-July 2011, while the food and beverage index increased by 12.2 percent. The index of cereal grains sub-group rose only by 5.9 percent during the same period.**
- **Supply situation in the hill and mountain markets of the Mid and Far-Western regions have improved compared to past two months due to partial resumption of transportation services.**

NATIONAL MARKET DEVELOPMENT

Price

In the markets regularly monitored by MoAC and WFP, prices of most commodities show marginal fluctuations with some exceptions over the past one month. In September 2011, the national average price of coarse rice increased by 2.9% to Rs. 37.2 per kilo, while that of wheat flour decreased by 0.1% to Rs. 37.7 per kilo. The average prices of red potato, black gram and soybean oil increased by 9.0% to Rs. 29.4 per kilo, 2.0% to Rs. 111.9 per kilo and 5.2% to Rs.124.5 per litre respectively. The average price of broken lentil declined by 2.8% to Rs. 95.4 per kilo in the past one month. Prices of these commodities show an upward trend over the past three months. However, compared to September 2010, most monitored prices indicate a mixed trend with normal fluctuations.

Prices of most monitored commodities in the various markets show a trend similar to that of national prices, indicating an improvement in the integration of both mountain & hill and Terai markets. Wholesale prices (coarse rice, black gram, mustard oil and soybean oil) monitored by FNCCI/AEC in the five large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadi) show a nominal increase of 0.3% to 1.9 % in the past one month.

Diesel and kerosene prices increased from Rs. 73.5 in 10 July to Rs. 75.0 per litre in 8 August 2011. Continuous rise of fuel prices is a major concern because of the likely contribution of rising transport costs to food price increases.

As per the latest report released by NRB in mid-July 2011, the y-o-y consumer price inflation stood at 9.6% which is same as annual inflation rate of the FY 2010/11. The index of food and beverage rose by 12.2% compared to 11.0% of which the index of cereal grains sub-groups increased only by 5.9% compared to 14.8% in last year. This decline in the index of cereal grains could be an outcome of better harvest in the FY 2010/11.

Supply

Supply situation across the country has not fully improved as the monsoon remained active until September. According to the WFP Field Monitors, transportation services have been resumed in most of the Far and Mid Western mountain and hill markets (Bajhang, Jumla) after the roads, which were partially damaged due to monsoon rains in July and August 2011 were repaired. The recent earthquake of 6.9 Richter scale, epicenter located in the border of Taplejung, Nepal and Sikkim India has destroyed many houses and suspension bridges, thereby obstructing transportation of goods in the Eastern hill, particularly in the remote areas of Taplejung and Sankhuwasabha districts. However, there was no major impact on the food supply situation.

Outlook

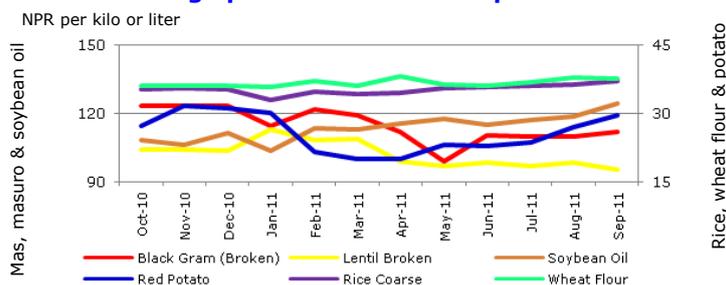
Government's regular inspection and monitoring against tainted foods is expected to improve food quality in the markets. Government's initiative to establish fair price shops targeting the poor and low income consumers across the country is likely to keep prices stable. According to CIPF, re-introduction of syndicate in the form of even and odd number plate system from Birgunj to elsewhere by the federation of Truck-Tanker and Transport Entrepreneurs Nepal is likely to increase transport costs. However, this needs to be monitored closely.

Outlook for summer crop harvest appears good so far due to adequate rainfall for plantation and growth during the monsoon across the country.

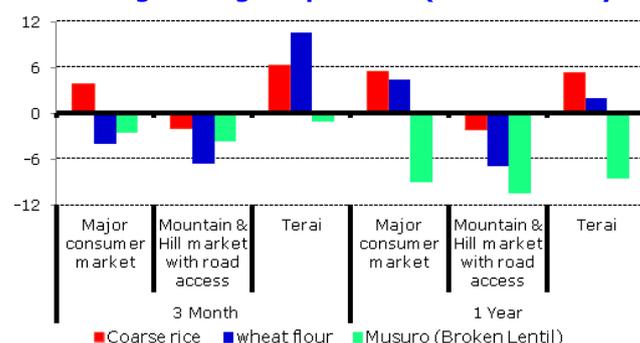
Largest increases in prices of key commodities

| Commodity | Price Rs/kg or liter | % change 1 month | Observation |
|---------------------|----------------------|------------------|-----------------------------------|
| Potato | 29.4 | 9 | Reduction in supply. |
| Diesel and kerosene | 75 | 2 | Due to increase in global prices. |

Average price over 12 month period*



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



† Prices relate to the Nepali month of Bhadra
 * 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 | 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 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Wheat flour | 36.0 | 0.0 | 0.0 | 5.9 | ▶ | ▶ | ▶ |
| | Soybean oil | 125.0 | 0.0 | 28.9 | 28.9 | ▶ | ▶ | ▶ |
| | Chicken | 240.0 | 2.1 | 15.9 | -5.9 | ▶ | ▶ | ▶ |
| | Mustard oil | 129.0 | 0.0 | 20.6 | 22.9 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 105.0 | -4.5 | -7.1 | -10.3 | ▶ | ▶ | ▶ |
| | Musuro | 95.0 | -7.8 | -5.0 | -7.8 | ▶ | ▶ | ▶ |
| Potato | 30.0 | 11.1 | 57.9 | -16.7 | ▶ | ▶ | ▶ | |
| Pokhara | Coarse rice | 45.0 | 0.0 | 7.1 | 10.3 | ▶ | ▶ | ▶ |
| | Wheat flour | 35.0 | -7.9 | -7.9 | 2.9 | ▶ | ▶ | ▶ |
| | Soybean oil | 120.0 | 0.0 | 0.0 | 12.1 | ▶ | ▶ | ▶ |
| | Chicken | 270.0 | -3.6 | 3.8 | -15.6 | ▶ | ▶ | ▶ |
| | Mustard oil | 145.0 | 3.6 | 3.6 | -0.8 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 108.0 | -6.1 | -6.1 | -10.6 | ▶ | ▶ | ▶ |
| | Musuro | 95.0 | 0.0 | 0.0 | -10.4 | ▶ | ▶ | ▶ |
| | Potato | 31.2 | 15.6 | 48.6 | -5.5 | ▶ | ▶ | ▶ |
| Regional Terai markets | | | | | | | | |
| Biratnagar | Coarse rice | 28.0 | 0.0 | -9.7 | -12.5 | ▶ | ▶ | ▶ |
| | Wheat flour | 30.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Soybean oil | 122.0 | 2.5 | 16.2 | 28.4 | ▶ | ▶ | ▶ |
| | Chicken | 240.0 | 7.1 | -9.4 | -17.2 | ▶ | ▶ | ▶ |
| | Mustard oil | 140.0 | 5.3 | 7.7 | 14.3 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 110.0 | 10.0 | 22.2 | -8.3 | ▶ | ▶ | ▶ |
| | Musuro | 75.0 | 7.1 | 0.0 | -12.8 | ▶ | ▶ | ▶ |
| Potato | 22.0 | -15.4 | 37.5 | -24.1 | ▶ | ▶ | ▶ | |
| Birgunj | Coarse rice | 35.0 | -2.8 | 0.0 | -11.2 | ▶ | ▶ | ▶ |
| | Wheat flour | 31.0 | -13.9 | 19.2 | -3.1 | ▶ | ▶ | ▶ |
| | Soybean oil | 130.0 | 8.3 | 10.2 | 18.2 | ▶ | ▶ | ▶ |
| | Chicken | 240.0 | 0.0 | 0.0 | -7.7 | ▶ | ▶ | ▶ |
| | Mustard oil | 140.0 | 7.7 | 7.7 | 16.7 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 94.0 | 11.9 | 4.4 | -14.5 | ▶ | ▶ | ▶ |
| | Musuro | 86.0 | 2.4 | 7.5 | -4.44 | ▶ | ▶ | ▶ |
| Potato | 21.0 | 5.0 | 16.7 | -12.5 | ▶ | ▶ | ▶ | |
| Nepalgunj | Coarse rice | - | - | - | - | - | - | - |
| | Wheat flour | - | - | - | - | - | - | - |
| | Soybean oil | - | - | - | - | - | - | - |
| | Chicken | - | - | - | - | - | - | - |
| | Mustard oil | - | - | - | - | - | - | - |
| | Mas (black gram) | - | - | - | - | - | - | - |
| | Musuro | - | - | - | - | - | - | - |
| Potato | - | - | - | - | - | - | - | |
| Dhangadhi | Coarse rice | 42.0 | 5.0 | 10.5 | 16.7 | ▶ | ▶ | ▶ |
| | Wheat flour | 32.0 | 3.2 | 6.7 | 6.7 | ▶ | ▶ | ▶ |
| | Soybean oil | 105.0 | 0.0 | 5.0 | 5.0 | ▶ | ▶ | ▶ |
| | Chicken | 240.0 | -4.0 | 20.0 | -4.0 | ▶ | ▶ | ▶ |
| | Mustard oil | 137.0 | 7.9 | 2.2 | 14.2 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 148.0 | 5.7 | 10.4 | 13.8 | ▶ | ▶ | ▶ |
| | Musuro | 94.0 | -6.0 | -6.0 | -2.1 | ▶ | ▶ | ▶ |
| Potato | 30.0 | 0.0 | 66.7 | -25.0 | ▶ | ▶ | ▶ | |

▲ 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 | - | - | - | - | - | - | - |
| | Wheat flour | - | - | - | - | - | - | - |
| | Soybean oil | - | - | - | - | - | - | - |
| | Chicken | - | - | - | - | - | - | - |
| | Mustard oil | - | - | - | - | - | - | - |
| | Mas (black gram) | - | - | - | - | - | - | - |
| | Musuro | - | - | - | - | - | - | - |
| Potato | - | - | - | - | - | - | - | |
| Hill and mountain markets with road access | | | | | | | | |
| Dhankuta | Coarse rice | 32.0 | -5.9 | -8.6 | -8.6 | ▶ | ▶ | ▶ |
| | Wheat flour | 32.0 | 6.7 | 0.0 | -5.9 | ▶ | ▶ | ▶ |
| | Soybean oil | 124.0 | 3.3 | 3.3 | 24.0 | ▶ | ▶ | ▶ |
| | Chicken | 300.0 | 30.4 | 30.4 | -14.3 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 106.0 | -7.8 | -14.5 | -11.7 | ▶ | ▶ | ▶ |
| | Musuro | 79.0 | -1.3 | 0.0 | -21.0 | ▶ | ▶ | ▶ |
| | Potato | 35.0 | 16.7 | 59.1 | 16.7 | ▶ | ▶ | ▶ |
| | Potato | 35.0 | 16.7 | 59.1 | 16.7 | ▶ | ▶ | ▶ |
| Rolpa | Coarse rice | 38.0 | 0.0 | 0.0 | 8.6 | ▶ | ▶ | ▶ |
| | Wheat flour | 42.0 | -35.4 | -35.4 | -23.6 | ▶ | ▶ | ▶ |
| | Soybean oil | 130.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Chicken | 270.0 | -3.6 | -3.6 | -3.6 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 110.0 | -8.3 | -8.3 | -8.3 | ▶ | ▶ | ▶ |
| | Musuro | 95.0 | -26.9 | -26.9 | -20.8 | ▶ | ▶ | ▶ |
| | Potato | 40.0 | 0.0 | 0.0 | 33.3 | ▶ | ▶ | ▶ |
| Sanjebagar | Coarse rice | 35.0 | 0.0 | 0.0 | - | ▶ | ▶ | ▶ |
| | Wheat flour | 35.0 | 0.0 | 0.0 | 2.9 | ▶ | ▶ | ▶ |
| | Chicken | 250.0 | 0.0 | 0.0 | - | ▶ | ▶ | ▶ |
| | Mustard oil | 140.0 | 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 | - | ▶ | ▶ | ▶ |
| Jumla | Coarse rice | - | - | - | - | - | - | - |
| | Wheat flour | - | - | - | - | - | - | - |
| | Soybean oil | - | - | - | - | - | - | - |
| | Chicken | - | - | - | - | - | - | - |
| | Mas (black gram) | - | - | - | - | - | - | - |
| | Musuro | - | - | - | - | - | - | - |
| | Potato | - | - | - | - | - | - | - |
| Bajura | Coarse rice | 37.0 | -7.5 | 0.0 | 11.3 | ▶ | ▶ | ▶ |
| | Wheat flour | 44.0 | 15.8 | 22.2 | -4.3 | ▶ | ▶ | ▶ |
| | Beans | 80.0 | -33.3 | -27.3 | -33.3 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 120.0 | 9.1 | 14.3 | -14.3 | ▶ | ▶ | ▶ |
| | Musuro | 120.0 | 9.1 | 14.3 | -14.3 | ▶ | ▶ | ▶ |
| | Potato | 25.0 | -16.7 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Potato | 25.0 | -16.7 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| Hill and Mountain markets without road access | | | | | | | | |
| Humli | Coarse rice* | 40.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Wheat flour | 230.0 | 0.0 | 0.0 | 4.5 | ▶ | ▶ | ▶ |
| | Soybean oil | 280.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Beans | 100.0 | -16.7 | 0.0 | 9.1 | ▶ | ▶ | ▶ |
| | Mas (black gram) | - | - | - | - | - | - | - |
| | Musuro | - | - | - | - | - | - | - |
| | Potato | 30.0 | 50.0 | 0.0 | -33.3 | ▶ | ▶ | ▶ |
| Dolpa | Coarse rice | 100.0 | 0.0 | 5.3 | 5.3 | ▶ | ▶ | ▶ |
| | Wheat flour | 130.0 | 0.0 | 18.2 | 0.0 | ▶ | ▶ | ▶ |
| | Soybean oil | 230.0 | 0.0 | 15.0 | 15.0 | ▶ | ▶ | ▶ |
| | Beans | 280.0 | 0.0 | 16.7 | 16.7 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 200.0 | 0.0 | 33.3 | 53.8 | ▶ | ▶ | ▶ |
| | Musuro | 170.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Potato | 200.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |

