



Market Watch 67

July 2014†

Jointly produced by:

WFP-World Food Programme, Nepal
 MoAD-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's Interest Protection Forum



HIGHLIGHTS

- In July 2014, retail prices of most food commodities monitored in 12 markets across Nepal showed an upward trend due to the lean season and the monsoon period.
- Overall inflation rate in July 2014 was 8.1 percent. The food and beverage group was higher at 11.1 percent, as were several sub-groups: fruits (25.5 percent), vegetables (21.2 percent), meat and fish (15.9 percent), and milk and dairy products (10.9 percent).

NATIONAL MARKET DEVELOPMENT

Price

In July 2014, retail prices of food commodities monitored across the country showed an upward trend. On a month-on-month basis, the retail price of coarse rice and wheat flour marginally increased by 0.4 percent and 0.9 percent respectively, while that of black gram and broken lentil went up by 1.2 percent and 3.8 percent respectively. Likewise, prices of chicken meat and soybean oil climbed by 3.5 percent and 1.2 percent respectively, while the price of red potato increased sharply by 12.4 percent. As compared to three months earlier, most prices showed an upward trend with the exception of wheat flour. Similarly, compared to the same period last year, most prices showed an upward trend (with the exception of mustard oil).

Prices in regional markets showed somewhat similar trends as the national averages, with an upward trend of wheat flour and broken lentil in all markets. The price of coarse rice remained stable in the hill and mountain markets and the major consumer markets of Kathmandu and Pokhara, while in the Terai markets there was an upward trend in the price of coarse rice.

Wholesale prices regularly monitored by FNCCI/AEC in the five large markets of Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi showed an upward trend over the past one month. In the Kalimati Fruits and Vegetables Market, the wholesale price of most monitored vegetables showed a high seasonal fluctuation: prices of dry onion, carrot, cauliflower, French bean, ginger and tomato increased by more than 13 percent due to a reduction in supply because of the lean season, while that of radish, smooth gourd, christophine and okra went down by more than 15 percent over the past one month.

The overall consumer price index (CPI) released by Nepal Rastra Bank in July 2014 was 205.9, an increase of 2.1 percent month-on-month. The inflation rate, as measured by the year-on-year increase in the CPI, was 8.1 percent. The food and beverage group of the CPI was 251.0, an increase of 2.5 percent month-on-month, but an increase of 11.1 percent year-on-year; several sub-groups showed higher year-on-year increases: fruits (25.5 percent), vegetables (21.2 percent), meat and fish (15.9 percent), and milk and dairy products (10.9 percent). The non-food and services group of the CPI was 173.2, an increase of 1.8 percent month-on-month and 5.3 percent year-on-year.

Supply

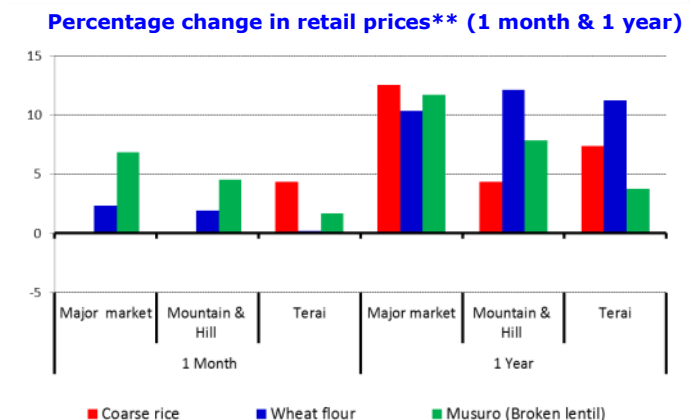
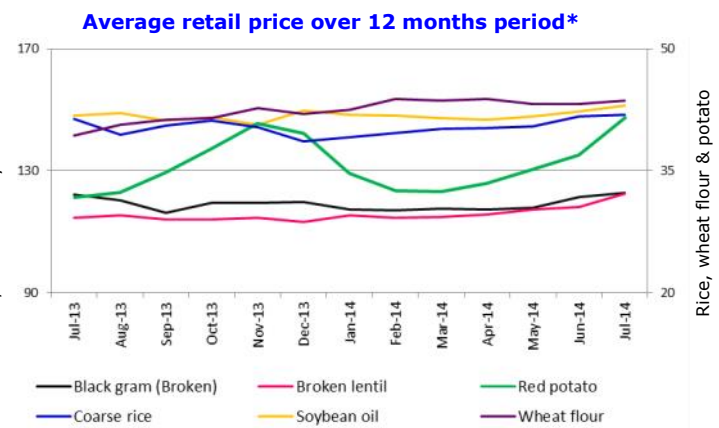
According to NeKSAP cluster and district coordinators, the normal supply of food across some parts of Nepal has been disrupted, mainly in the Mid-Western and Eastern regions and the Central Terai, due to landslides in the hills and floods in the Terai caused by heavy rainfall. This situation should be monitored closely.

Outlook

Most food prices are likely to remain high or increase in the next month due to a decline in supply as a result of road obstruction in many parts of the country and the lean season.

Paddy transplantation is late due to the delay in the monsoon; however, more than 80 percent has been completed to date. Recent floods due to excessive rainfall have damaged paddy in many Terai districts which indicate a below moderate outlook for summer crops.

Largest changes in commodity prices (month-on-month)			
Commodity	Price NPR/kg or liter	% change 1 month	Observations
Dry onion, carrot, cauliflower, French bean, and ginger	various	>13	Decrease in supply due to lean season
Radish, christophine, okra, and smooth gourd	various	>-15	Increase in supply due to harvest season



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/nepfoodsec>

† Prices relate to the Nepali month of Asar 2071.

* 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.



नेपाल खाद्य सुरक्षा अनुगमन प्रणाली
 Nepal Food Security Monitoring System (NeKSAP)

