

Market Watch - 9



Market Watch
30 December 2008

Jointly produced by:

WFP – Food Security Monitoring and Analysis System
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

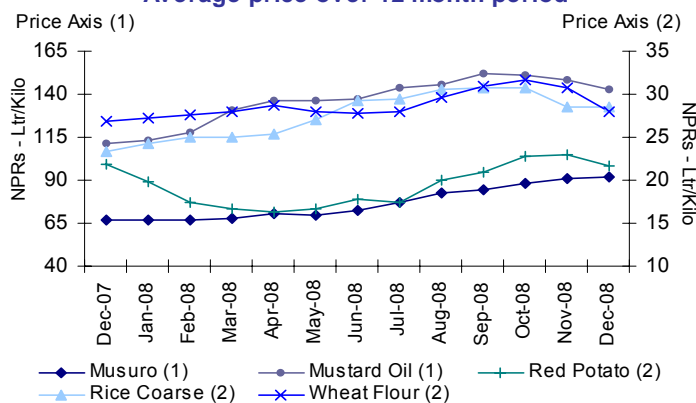
- This month the central bank announced that year on year inflation in Nepal has increased to 14.5 percent, from 6.3 percent in the previous year - largely as a result of continuing high food and transportation costs
- The cost of coarse rice remains high compared to this time last year, up by 20 percent, despite recent seasonal price decreases
- The high price of key cooking oils are now starting to slightly decrease as reduction in Indian wholesale prices reach markets in Nepal

NATIONAL MARKET DEVELOPMENTS

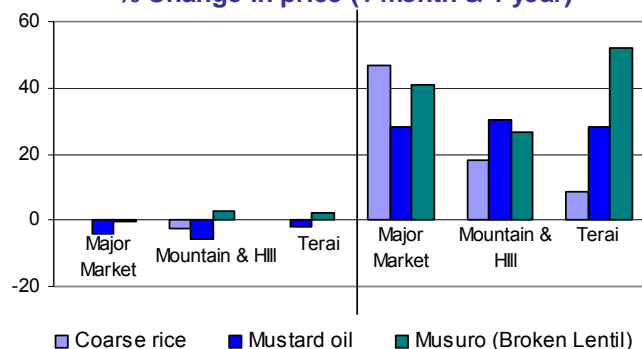
- The price for various key foodstuff declined for a second month in line with anticipated seasonal price trends, however it is clear that this years robust production is not enough to reduce prices to last year's levels.
- Compared to last year, the price of coarse rice remains up by 20 percent, musuro (broken lentil) up 40 percent, and cooking oil up by around 30 percent.
- Commodities which have reduced in price to levels similar to last year include mas and wheat flour, which are now only around 4 percent higher than this time last year.
- The price of musuro continues to increase across the country, largely the result of both an Indian export ban on the product, and greater demand for export of domestic supply (caused by failed crops in other global regions).
- The high price of cooking oils has declined over the past two months. mustard oil and soybean oil are down 3.5 and 5.5 percent respectively; this is largely attributable to reductions in Indian prices now reaching markets in Nepal.
- The price of various key commodities in some Mountain and Hill markets, Jumla in particular, were considerably lower; this is most likely the result of increased supply now that the Jumla road has opened.

- Already high chicken prices are expected to increase again due to bird flue outbreaks in Assam and West Bengal, which has resulted in the ban of imported chick and feed from India.
- It is expected that the already high price of sugar will also increase across the country, as a labor dispute between sugar farmers and the major sugar mill in Lumbini is likely to delay sugarcane crushing and reduce production.

Average price over 12 month period*



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



MARKET OUTLOOK

- The price of transportation remains considerably inflated compared to this time last year and is keeping food prices high. The Nepal Oil Corporation (NOC) recently reduced petrol prices by NPRs 5 (now NPR 80.5/ltr) and diesel/ kerosene by NPR 1 (now NPR 59.5/ltr) but, transporters have yet to reduce their fares accordingly.

MARKETS/ COMMODITIES WITH LARGEST CHANGE

Largest increases in retail prices of key commodities

District or Commodity	Current price (NRs/kg/L)	% change 1 month	Observation
Musuro	110	10%	Increased exports of musuro and reduced Indian supply are increasing prices across the country.
Bajura	100	11%	
Dhankuta	100	11%	

Largest decreases in retail prices of key commodities

District or Commodity	Current price (NRs/kg/L)	% change 1 month	Observation
Jumla	45	39%	Recent delivery of food items has reduced costs.
Wheat Flour	70	12.5%	
Cooking Oil:	Average:	-3.5%	Reduced prices in Indian markets are now reaching Nepal.
Soybean	144	-5.5%	
Mustard	164	-5.5%	

* Average prices are taken from markets listed in the back of this report, but does not include 'Hill & Mountain No Road' markets.

** Change in price considers all markets shown in this report

Market Watch is produced by WFP Nepal in collaboration with the Agri-business Promotion and Marketing Development Directorate, Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and Consumer's Interest Protection Forum. This is an initiative to provide timely information and alerts on price and market developments.

All information products produced by the FSMAS are available on the UN Nepal Information platform (www.un.org.np) or on the WFP website: www.wfp.org/odan

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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	40.0	0.0	0.0	48.1	▶	▶	▲
	Wheat flour	26.0	-3.7	-1.9	4.0	▶	▶	▶
	Soyabean oil	117.5	-6.0	-5.2	26.3	▼	▶	▲
	Chicken	197.5	-3.7	21.5	41.1	▶	▲	▲
	Mustard oil	128.5	-4.5	-4.8	26.6	▶	▶	▲
	Mas (black gram)	86.0	-1.1	0.0	14.7	▶	▶	▶
	Musuro	103.0	0.0	6.2	48.2	▶	▶	▲
	Potato - red	19.5	-18.8	8.3	-11.4	▼	▶	▶
Pokhara	Coarse rice	35.0	0.0	0.0	45.2	▶	▶	▲
	Wheat flour	28.0	3.7	-3.4	0.0	▶	▶	▶
	Soyabean oil	117.5	-13.0	-16.1	25.0	▼	▼	▲
	Chicken	235.0	0.0	11.9	25.0	▶	▲	▲
	Mustard oil	142.5	-3.4	-5.0	29.5	▶	▶	▲
	Mas (black gram)	80.0	3.2	0.0	0.0	▶	▶	▶
	Musuro I	99.0	-1.0	10.0	33.8	▶	▶	▲
	Potato - red	21.0	10.5	5.0	-19.2	▲	▶	▼
Regional Terai markets								
Biratnagar	Coarse rice	22.5	-5.5	-6.3	2.3	▼	▶	▶
	Wheat flour	28.9	-3.7	20.4	12.0	▶	▲	▶
	Soyabean oil	117.5	-6.7	-7.8	27.7	▼	▶	▲
	Chicken	195.0	-9.3	16.1	13.4	▼	▲	▶
	Mustard oil	130.0	-3.0	-3.7	23.8	▶	▶	▲
	Mas (black gram)	73.0	16.8	14.1	1.4	▲	▲	▶
	Musuro	91.5	-0.5	10.2	46.6	▶	▲	▲
	Potato - red	21.0	-8.7	76.5	-3.2	▼	▲	▶
Birgunj	Coarse rice	29.3	-1.0	6.2	32.0	▶	▶	▲
	Wheat flour	23.8	-1.7	-1.7	4.8	▶	▶	▶
	Soyabean oil	127.6	1.3	2.3	50.6	▶	▶	▲
	Chicken	180.0	0.0	12.5	28.6	▶	▲	▲
	Mustard oil	132.0	-5.7	0.8	29.3	▼	▶	▲
	Mas (black gram)	73.2	-1.2	10.1	7.5	▶	▲	▶
	Musuro	93.6	0.8	4.2	50.0	▶	▶	▲
	Potato - red	15.5	-20.5	22.0	-22.5	▼	▲	▼
Nepalgunj	Coarse rice	20.0	-1.6	-13.0	0.0	▶	▼	▶
	Wheat flour	22.2	4.7	30.4	10.8	▶	▲	▶
	Soyabean oil	110.0	-8.3	-15.4	46.7	▼	▼	▲
	Chicken	185.0	2.8	2.8	15.6	▶	▶	▲
	Mustard oil	130.0	0.0	0.0	13.0	▶	▶	▶
	Mas (black gram)	57.0	-6.3	-18.6	-18.6	▼	▼	▼
	Musuro	91.5	5.2	30.7	66.4	▲	▲	▲
	Potato - red	16.8	-11.8	-16.3	-16.3	▼	▼	▼
Dhangadhi	Coarse rice	22.5	1.1	23.3	2.3	▶	▲	▶
	Wheat flour	23.2	-4.1	4.3	-3.3	▶	▶	▶
	Soyabean oil	129.0	-0.8	81.7	43.3	▶	▲	▲
	Chicken	200.0	0.0	14.3	53.8	▶	▲	▲
	Mustard oil	139.0	-0.7	-1.4	32.4	▶	▶	▲
	Mas (black gram)	75.0	0.0	-25.0	23.0	▶	▼	▲
	Musuro	90.0	0.0	38.5	45.2	▶	▲	▲
	Potato - red	23.9	-8.2	-8.2	49.2	▼	▶	▲

* Price comparisons are based on available data. Data received after last months market watch cut off date has been incorporated into the previous month prices as applicable.

- ▲ 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.

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	23.5	6.8	-16.1	6.8	▲	▼	▶	
	Wheat flour	24.0	0.0	0.0	0.0	▶	▶	▶	
	Soyabean oil	115.0	-6.1	-10.2	27.8	▼	▼	▲	
	Chicken	170.0	3.0	13.3	30.8	▶	▲	▲	
	Mustard oil	148.8	-0.8	-0.8	41.7	▶	▶	▲	
	Mas (black gram)	65.0	0.0	0.0	6.6	▶	▶	▶	
	Musuro	95.0	5.6	18.8	53.2	▲	▲	▲	
	Potato - red	8.3	-28.3	-17.5	-48.4	▼	▼	▼	
Hill and mountain markets with road access									
Dhankuta	Coarse rice	24.0	-9.4	-20.0	20.0	▼	▼	▲	
	Wheat flour	26.5	-7.0	-8.6	-11.7	▼	▶	▶	
	Soyabean oil	130.0	-7.1	-7.1	44.4	▼	▶	▲	
	Chicken	250.0	6.4	56.3	78.6	▲	▲	▲	
	Mas (black gram)	82.5	-2.9	-8.3	10.0	▶	▶	▶	
	Musuro	100.0	11.1	17.6	53.8	▲	▲	▲	
	Potato - red	20.0	0.0	0.0	-20.0	▶	▶	▼	
	Coarse rice	26.0	0.0	-13.3	23.8	▶	▼	▲	
Rolpa	Wheat flour	29.6	-1.3	-25.9	18.5	▶	▼	▲	
	Soyabean oil	134.0	-0.7	-10.7	48.9	▶	▼	▲	
	Chicken	202.5	1.3	1.3	26.6	▶	▶	▲	
	Mas (black gram)	80.0	0.0	8.1	14.3	▶	▶	▶	
	Musuro	90.0	0.0	21.6	28.6	▶	▲	▲	
	Potato - red	22.8	-5.2	-12.5	-9.0	▼	▼	▶	
	Coarse rice	25.0	0.0	-37.5	0.0	▶	▼	▶	
	Wheat flour	30.0	0.0	-14.3	0.0	▶	▼	▶	
Sanfebagar	Chicken	250.0	25.0	25.0	25.0	▲	▲	▲	
	Mas (black gram)	80.0	0.0	6.7	0.0	▶	▶	▶	
	Musuro	80.0	0.0	14.3	23.1	▶	▲	▲	
	Potato - red	50.0	25.0	0.0	25.0	▲	▶	▲	
	Coarse rice	45.0	0.0	0.0	28.6	▶	▶	▲	
	Wheat flour	45.0	-39.6	-18.2	-2.2	▼	▼	▶	
	Soyabean oil	150.0	-16.7	-16.7	36.4	▼	▼	▲	
	Chicken	260.0	4.0	-7.1	4.0	▶	▶	▶	
Jumla	Mas (black gram)	70.0	-12.5	-12.5	-12.5	▼	▼	▶	
	Musuro	80.0	0.0	0.0	0.0	▶	▶	▶	
	Potato - red	20.0	0.0	33.3	33.3	▶	▲	▲	
	Hill and Mountain markets without road access								
	Humla	Coarse rice	40.0	0.0	0.0	33.3	▶	▶	▲
		Wheat flour	150.0	-6.3	0.0	20.0	▼	▶	▲
		Soyabean oil	280.0	0.0	0.0	47.4	▶	▶	▲
		Beans	45.0	-10.0	0.0	-	▼	▶	-
Potato - red		25.0	25.0	0.0	66.7	▲	▶	▲	
Coarse rice		75.0	-6.3	-6.3	25.0	▼	▶	▲	
Wheat flour		90.0	0.0	-10.0	0.0	▶	▶	▶	
Soyabean oil		200.0	0.0	-4.8	11.1	▶	▶	▶	
Dolpa	Beans	110.0	-8.3	37.5	-	▼	▲	-	
	Mas (black gram)	150.0	0.0	7.1	-	▶	▶	-	
	Musuro	170.0	-5.6	21.4	-	▼	▲	-	
	Potato - red	25.0	31.6	-16.7	25.0	▲	▼	▲	
	Coarse rice	35.0	-7.9	-	16.7	▼	-	▲	
	Wheat flour	42.0	-2.3	-	-2.3	▶	-	▶	
	Beans	70.0	0.0	-	-	▶	-	-	
	Mas (black gram)	80.0	0.0	-	-	▶	-	-	
Bajura	Musuro	110.0	10.0	-	-	▲	-	-	
	Potato - red	30.0	0.0	-	20.0	▶	-	▲	