

Market Watch - 11



Market Watch
February 2009

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
CIFP – Consumer Interest Protection Forum

HIGHLIGHTS

- Recent cases of bird flu in the Eastern Terai continue to result in falling chicken prices across the country as consumers remain concerned about purchasing the product. In Kathmandu the price of chicken fell by almost 25 percent this month.
- The price of *musuro* (broken lentil) increased by three percent this month. Price increases were most noticeable in Terai markets where prices increased on average by more than 10 percent.
- Rice prices marginally increased this month and are expected to gradually continue increasing until the paddy harvest in November.

NATIONAL MARKET DEVELOPMENTS

- The seasonal downward trend in the price of rice has ended. Prices are 3 percent higher than last month, and are expected to gradually increase until the next harvest in November.
- The price of *musuro* (broken lentil) increased by three percent this month. Price increases were most noticeable in Terai markets where they were up on average by more than 10 percent. As the Terai is generally the first point of trade for imported *musuro*, it is expected that price increases will filter into the hill and mountain districts within the next month.
- Soybean oil prices remained largely stable, while mustard oil prices increased in line with seasonal expectations (up by 6 percent). Compared to last year, prices are up by 22 percent and 27 percent respectively.
- Wheat prices also remained largely stable, and are only marginally higher than last year, up by 4 percent.
- Reported cases of bird flu in the Terai caused chicken prices to fall in most markets as consumer concern increased. Recent reports indicate that up to 1,000 chickens in Biratnagar may have died from the virus. In Kathmandu the price of chicken fell by almost 25 percent. Consumers are instead purchasing fish in greater quantity, and the price of fish has increased by 10 percent.
- The government has begun selling key food items including rice, wheat and sugar, in response to reported carteling behavior by major food wholesalers. Reportedly, the government is selling food items in major consumer markets for around 15 percent less than other wholesalers. However, this is not expected to have a major impact on overall prices as the quantity is relatively small.

MARKET OUTLOOK

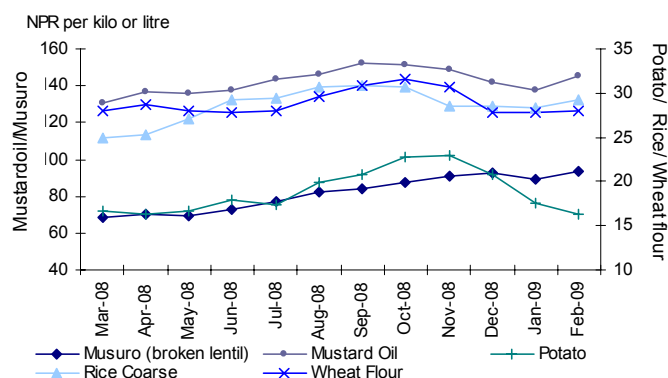
- In an attempt to control the rapidly increasing cost of sugar, it is reported that the government is considering importing up to 50,000 M. Tons from India. If this occurs, then the increased supply will likely reduce the price of sugar (sugar prices increased by over 37 percent between 2008 and 2009).
- During February, the Nepal Oil Corporation (NOC) marginally lowered the cost of petrol to NRs 77 (down NRs 3) and Diesel to NRs 57 (down NRs 2). This followed price reductions in Oct, Nov, and Dec last year. However, according to a *WFP Market Traders Survey* conducted in late 2008, only 37 percent of traders believe transportation costs have reduced from the peak prices experienced in the first half of 2008. High transportation costs will continue to keep market prices inflated across the country unless price reductions are fully passed on by transporters.
- Due to lack of rain, the winter crop is not expected to be strong. A more detailed assessment by WFP will be completed in coming months. Poor crop harvests could impact the cost of local wheat - particularly in mountain districts.
- There has been recent speculation that the Indian government may remove the export ban on wheat flour if this year's harvest in India is strong. This will depend largely on favorable weather conditions during March. Removal of the ban could reduce the cost of wheat in Nepal considerably (or at least contain prices depending on Nepal's harvest production).

MARKETS/ COMMODITIES WITH LARGEST CHANGE

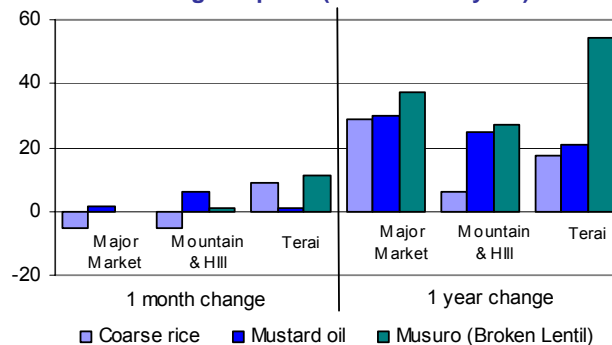
Largest increases in retail prices of key commodities			
District or Commodity	Current price (NRs/kg/L)	% change 1 month	Observation
Musuro	90	6%	Increased prices largely in Indian boarder markets indicate that prices may continue to rise across the country.
Banke	80.5	6%	
Jumla			
Mustard oil			Price reduction reflects a normal seasonal price trend.
Kathmandu	137	3.5%	
Banke	135	4%	

Largest decreases in retail prices of key commodities			
District or Commodity	Current price (NRs/kg/L)	% change 1 month	Observation
Potato	10	-25%	Potato price reduction reflects a normal seasonal price trend.
Morang	9	-28%	
Chicken	125	-25%	Chicken prices reduced due to lack of consumer demand caused by fear of bird flu.

Average price over 12 month period*



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



* Prices are taken 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 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/food-security

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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	36.0	-10.0	-10.0	2.9	▼	▶	▶
	Wheat flour	26.0	-24.6	-3.7	8.3	▼	▶	▶
	Soyabean oil	121.0	-3.2	-3.2	10.8	▶	▶	▶
	Chicken	125.0	-25.4	-39.0	-5.7	▼	▼	▶
	Mustard oil	137.0	3.4	1.9	18.6	▶	▶	▲
	Mas (black gram)	85.0	-0.6	-2.3	16.4	▶	▶	▲
	Musuro	97.0	-0.5	-5.8	40.1	▶	▶	▲
	Potato - red	17.0	-8.1	-29.2	-15.0	▼	▼	▶
	Pokhara	Coarse rice	37.0	0.0	5.7	54.6	▶	▶
Wheat flour		28.0	0.0	3.7	0.0	▶	▶	▶
Soyabean oil		125.0	-3.8	-7.4	32.9	▶	▶	▲
Chicken		200.0	-14.9	-14.9	6.3	▼	▼	▶
Mustard oil		155.0	0.0	5.1	40.9	▶	▶	▲
Mas (black gram)		80.0	0.0	3.2	0.0	▶	▶	▶
Musuro I		100.0	0.0	0.0	35.0	▶	▶	▲
Potato - red		18.0	-7.7	-5.3	-30.8	▼	▶	▼
Regional Terai markets								
Biratnagar	Coarse rice	24.0	0.0	0.8	15.4	▶	▶	▲
	Wheat flour	24.0	-11.1	-20.0	-7.0	▼	▼	▶
	Soyabean oil	118.0	2.6	-6.3	25.5	▶	▶	▲
	Chicken	175.0	-10.3	-18.6	-2.8	▼	▼	▶
	Mustard oil	127.0	-0.4	-5.2	17.6	▶	▶	▲
	Mas (black gram)	74.0	-2.3	18.4	23.3	▶	▲	▲
	Musuro	90.0	18.8	-2.2	40.6	▲	▶	▲
	Potato - red	10.0	-24.5	-56.5	25.0	▼	▼	▲
Birgunj	Coarse rice	23.4	3.5	-20.9	12.5	▶	▼	▶
	Wheat flour	23.0	11.1	-5.0	-4.2	▲	▶	▶
	Soyabean oil	110.0	0.0	-12.7	20.2	▶	▼	▲
	Chicken	180.0	0.0	0.0	39.0	▶	▶	▲
	Mustard oil	125.0	0.8	-10.7	20.0	▶	▼	▲
	Mas (black gram)	66.4	-5.4	-10.4	-4.7	▼	▼	▶
	Musuro	94.0	-	1.2	46.1	-	▶	▲
	Potato - red	9.0	-18.2	-53.8	-5.3	▼	▼	▶
Nepalgunj	Coarse rice	24.0	14.3	18.0	9.1	▲	▲	▶
	Wheat flour	24.0	17.1	13.4	20.0	▲	▲	▲
	Soyabean oil	130.0	9.9	8.3	73.3	▲	▶	▲
	Chicken	180.0	-2.7	0.0	12.5	▶	▶	▶
	Mustard oil	135.0	3.8	3.8	17.4	▶	▶	▲
	Mas (black gram)	70.0	9.4	15.1	0.0	▲	▲	▶
	Musuro	90.0	5.9	3.4	63.6	▲	▶	▲
	Potato - red	12.0	33.3	-36.8	-20.0	▲	▼	▼
Dhangadhi	Coarse rice	26.0	18.2	16.9	36.8	▲	▲	▲
	Wheat flour	24.0	33.3	-0.8	17.1	▲	▶	▲
	Soyabean oil	85.0	0.0	-34.6	40.5	▶	▼	▲
	Chicken	170.0	-15.0	-15.0	17.2	▼	▼	▲
	Mustard oil	N/A	-	-	-	-	-	-
	Mas (black gram)	N/A	-	-	-	-	-	-
	Musuro	110.0	22.2	22.2	67.9	▲	▲	▲
	Potato - red	6.5	-40.9	-75.0	-	▼	▼	-

▲ 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 available.

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	27.0	8.0	22.7	12.5	▲	▲	▶
	Wheat flour	24.0	0.0	0.0	0.0	▶	▶	▶
	Soyabean oil	130.0	8.3	6.1	22.6	▲	▶	▲
	Chicken	170.0	0.0	3.0	30.8	▶	▶	▲
	Mustard oil	150.0	0.0	0.0	27.7	▶	▶	▲
	Mas (black gram)	70.0	0.0	7.7	7.7	▶	▶	▶
	Musuro	95.0	-3.1	5.6	53.2	▶	▶	▲
	Potato - red	12.0	-	4.3	20.0	▶	▶	▲
Hill and mountain markets with road access								
Dhankuta	Coarse rice	24.0	0.0	-9.4	-7.7	▶	▶	▶
	Wheat flour	26.0	-1.9	-8.8	-19.4	▶	▶	▼
	Soyabean oil	118.0	-9.2	-15.7	6.1	▼	▼	▶
	Chicken	228.0	-8.8	-3.0	62.9	▼	▶	▲
	Mas (black gram)	80.0	-6.4	-5.9	0.0	▼	▶	▶
	Musuro	95.0	2.7	5.6	46.2	▶	▶	▲
	Potato - red	14.0	-22.2	-30.0	-20.5	▼	▼	▼
Rolpa	Coarse rice	28.0	7.7	7.7	19.1	▲	▶	▲
	Wheat flour	33.0	3.1	10.0	20.0	▶	▶	▲
	Soyabean oil	136.0	0.7	0.7	36.0	▶	▶	▲
	Chicken	195.0	-3.7	-2.5	21.9	▶	▶	▲
	Mas (black gram)	86.0	1.2	7.5	22.9	▶	▶	▲
	Musuro	91.0	1.1	1.1	30.0	▶	▶	▲
Sanfebagar	Potato - red	24.0	-4.0	0.0	-	▶	▶	-
	Coarse rice	26.5	6.0	6.0	-4.5	▲	▶	▶
	Wheat flour	30.5	1.7	1.7	-1.6	▶	▶	▶
	Soyabean oil	NA	-	-	-	-	-	-
	Chicken	190.0	-24.0	-5.0	0.0	▼	▶	▶
Jumla	Mas (black gram)	81.5	1.9	1.9	1.9	▶	▶	▶
	Musuro	82.0	2.5	2.5	26.2	▶	▶	▲
	Potato - red	39.0	-2.5	-2.5	-2.5	▶	▶	▶
	Coarse rice	46.0	2.2	2.2	31.4	▶	▶	▲
	Wheat flour	45.0	0.0	-39.6	-2.2	▶	▼	▶
	Soyabean oil	140.0	-6.7	-22.2	27.3	▼	▼	▲
Dolpa	Chicken	250.0	-3.8	0.0	0.0	▶	▶	▶
	Mas (black gram)	74.0	2.1	-7.5	-7.5	▶	▶	▶
	Musuro	85.0	5.6	6.3	6.3	▲	▶	▶
	Potato - red	18.0	-8.9	-10.0	-	▼	▶	-
	Hill and Mountain markets without road access							
Humla	Coarse rice*	35.0	-12.5	-12.5	9.4	▼	▼	▶
	Wheat flour	160.0	0.0	0.0	23.1	▶	▶	▲
	Soyabean oil	280.0	0.0	0.0	27.3	▶	▶	▲
	Beans	50.0	0.0	0.0	-	▶	▶	-
	Potato - red	30.0	-	50.0	-	▶	▲	-
Bajura	Coarse rice	70.0	-12.5	-12.5	16.7	▼	▼	▲
	Wheat flour	90.0	0.0	0.0	0.0	▶	▶	▶
	Soyabean oil	200.0	0.0	0.0	11.1	▶	▶	▶
	Beans	90.0	-25.0	-25.0	-	▼	▼	-
	Mas (black gram)	170.0	-5.6	-5.6	-	▼	▶	-
	Musuro	25.0	-16.7	31.6	-	▼	▲	-
Bajura	Potato - red	70.0	-12.5	-12.5	16.7	▼	▼	▲
	Coarse rice	27.0	-28.9	-28.9	-22.9	▼	▼	▼
	Wheat flour	42.0	-2.3	-2.3	7.7	▶	▶	▶
	Beans	NA	-	-	-	-	-	-
	Mas (black gram)	80.0	0.0	0.0	-	▶	▶	-
Bajura	Musuro	100.0	0.0	0.0	-	▶	▶	-
	Potato - red	30.0	0.0	150	-	▶	▲	-