

Market Watch - 15



Market Watch
June 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

CIPF – Consumer Interest Protection Forum

HIGHLIGHTS

- **Food price inflation remains of serious concern across Nepal. According to figures recently released by the Nepal Rastra Bank, the year-on year inflation for food and beverage was 16.5 percent for May.**
- **A poor food availability situation in remote Hill and Mountain markets, caused largely by the recent winter drought, has resulted in significant price increases during June. This is particularly so in Mugu, where reduced local food stocks and insufficient external supply, has resulted in a five percent increase in the price of cooking oil, a 30 percent increase in the price of rice, and a 50 percent increase in the price of beans between May and June.**
- **Due to a poor winter crop harvest, the price of potato continues to increase across much of the country, on average up by 10 percent compared to last month, and up by over 58 percent compared to last year.**

MARKET DEVELOPMENTS

Price

- Sustained food price inflation remains a concern for Nepal. According to the latest figures released by the Nepal Rastra Bank, year-on-year inflation was 16.5 percent in May. Of note, sugar and sugar based products have increased by 67 percent over the year.
- At a national level the price of rice remained relatively stable across Nepal. However, average increases of 5 – 10 percent were experienced in the Terai, this is an early signal that prices may rise across the country in coming months.
- In Jumla, market prices have significantly decreased compared to last year due to increased supply. This is due largely to the completion of the Karnali Hwy to Jumla in 2007 (including works undertaken through WFP food for work programming) and increasing levels of trade in 2008/09. The price of lentils is down by 11 percent compared to last year, the price of wheat flour is down by 21 percent and the price of coarse rice is down by 40 percent.

Supply

- The winter drought has resulted in a worse than usual supply situation for this time of year, particularly in the remote Hill and Mountain districts. For instance, wheat grain stocks have decreased in 75 percent of Hill markets, and were completely depleted in 40 percent of the Mountain markets monitored by WFP. There was also insufficient supply of potato in 31 percent of Hill markets and 57 percent of Mountain markets.
- In Mugu, there are considerable supply constraints as the winter crop harvest was particularly poor and external supplies have not been sufficient. This has caused prices to increase by between 30 - 60 percent for some key food items (i.e. beans, rice and sugar).
- Across Nepal, the supply of *musuro* (broken lentil) has generally improved. Thirty six percent of Terai markets and 20 percent of Hill markets have reported increased supply, resulting in decreased prices in these areas.
- WFP is providing food assistance to households that are severely food insecure as a result of drought or high food prices in 35 districts in Nepal.

MARKET OUTLOOK

- The NFC has reportedly ceased food distribution to districts in Mugu and Humla from the beginning of July due to funding constraints. It is expected that removal of NFC supply from markets will increase food prices further in both Mugu and Humla during July – this will be closely monitored.
- July to August is typically the lean period in Nepal and it is expected that the supply situation will continue to deteriorate in Mountain and Hill markets until the maize harvest in late July/ August.
- Monsoon rains which have recently started, are also expected to cause transportation problems over the coming months, which will further reduce food supplies in markets in remote areas.

† Prices relate to the Nepali month of Jestha.

* 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

MARKETS/ COMMODITIES WITH LARGEST CHANGE

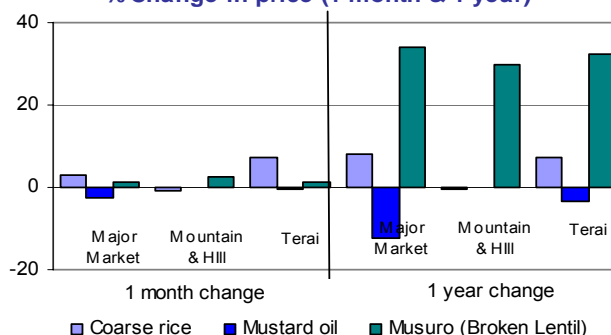
Largest decreases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Musuro (broken lentil)– national	Ave. 94.1/kg	-6%	Thirty six percent of markets in the Terai reported increased lentil supply during June compared to May.

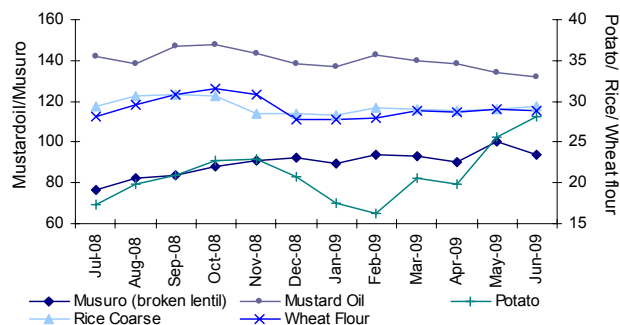
Largest increases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Potato nationally	Ave. 28/kg	10%	Winter drought caused reduced potato harvest in many hill and mountain districts.
Mugu beans	110/kg	57%	Prices in Mugu are particularly high due to a very poor winter harvest and insufficient external supply.
rice	80/kg	33%	
sugar	100/kg	33%	

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



Average price over 12 month period*



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 Watch - 15 Major retail commodity prices across Nepal



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	38.0	2.7	-8.8	13.4	▶	▶	▶
	Wheat flour	27.0	0.0	0.0	10.2	▶	▶	▶
	Soybean oil	97.0	11.5	23.0	-20.8	▲	▲	▼
	Chicken	240.0	4.3	-39.4	31.5	▶	▼	▲
	Mustard oil	119.0	-4.8	1.6	-12.5	▶	▶	▶
	Mas (black gram)	83.0	-2.4	0.0	27.7	▶	▶	▲
	Musuro	97.0	-3.0	-3.1	34.7	▶	▶	▲
	Potato	30.0	30.4	-15.0	130.8	▲	▼	▲
Pokhara	Coarse rice	36.0	2.9	-2.9	2.9	▶	▶	▶
	Wheat flour	28.0	0.0	0.0	-6.7	▶	▶	▶
	Soybean oil	120.0	0.0	14.3	-11.1	▶	▲	▶
	Chicken	300.0	7.1	-40.0	50.0	▲	▼	▲
	Mustard oil	140.0	0.0	6.7	-	▶	▶	-
	Mas (black gram)	90.0	0.0	-25.0	34.3	▶	▼	▲
	Musuro	100.0	5.3	5.0	33.3	▲	▶	▲
	Potato	36.0	50.0	-33.3	100.0	▲	▼	▲
Regional Terai markets								
Biratnagar	Coarse rice	24.0	4.3	4.2	2.1	▶	▶	▶
	Wheat flour	24.0	0.0	0.0	-7.7	▶	▶	▶
	Soybean oil	98.0	-7.5	10.2	-18.3	▼	▲	▼
	Chicken	264.0	4.8	-44.0	-	▶	▼	-
	Mustard oil	110.0	-17.2	-4.6	-12.7	▼	▶	-
	Mas (black gram)	71.2	4.7	8.1	25.8	▶	▶	▲
	Musuro	85.0	-2.3	3.3	19.4	▶	▶	▲
	Potato	26.4	13.8	132.0	200.0	▲	▼	▲
Biratnagar	Coarse rice	26.6	6.4	-4.2	3.1	▲	▶	▶
	Wheat flour	23.4	1.7	0.0	-2.5	▶	▶	▶
	Soybean oil	95.0	-13.6	0.0	-20.8	▼	▶	▼
	Chicken	200.0	11.1	0.0	-	▲	▶	-
	Mustard oil	110.0	-8.3	4.0	-8.3	▼	▶	▶
	Mas (black gram)	70.0	-5.4	-2.8	16.3	▼	▶	▲
	Musuro	90.0	2.3	2.2	29.5	▶	▶	▲
	Potato	22.0	10.0	-66.7	112	▲	▼	▲
Nepalgunj	Coarse rice	26.3	5.3	0.0	14.5	▲	▶	▶
	Wheat flour	22.7	-7.5	0.0	9.7	▼	▶	▶
	Soybean oil	110.0	-4.3	11.5	-10.8	▶	▲	▶
	Chicken	200.0	-4.8	-15.4	-	▶	▼	-
	Mustard oil	130.0	8.3	11.1	5.4	▲	▶	▶
	Mas (black gram)	82.0	9.3	0.0	39.8	▲	▶	▲
	Musuro	93.3	9.7	10.5	39.9	▲	▶	▲
	Potato	22.0	10.0	0.0	46.7	▲	▶	▲
Dhangadhi	Coarse rice	25.5	20.0	18.3	18.6	▲	▲	▲
	Wheat flour	23.0	15.0	9.1	5.7	▲	▶	▶
	Soybean oil	105.0	-12.5	-9.1	69.4	▼	▶	▲
	Chicken	200.0	0.0	-11.1	-	▶	▼	-
	Mustard oil	110.0	0.0	15.4	-12.0	▶	▶	▶
	Mas (black gram)	80.0	6.7	6.3	-2.1	▲	▶	▶
	Musuro	95.0	-9.5	-5.0	43.9	▼	▶	▲
	Potato	30.0	7.1	-115	100	▲	▼	▲

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	26.0	0.0	0.0	-1.9	▶	▶	▶
	Wheat flour	24.0	-4.0	0.0	-4.0	▶	▶	▶
	Soybean oil	100.0	5.3	17.4	-17.4	▲	▲	▼
	Chicken	220.0	0.0	-37.5	-	▶	▼	-
	Mustard oil	160.0	14.3	6.7	10.3	▲	▶	▶
	Mas (black gram)	66.0	-17.5	-14.3	20.0	▼	▼	▲
	Musuro	95.0	5.6	0.0	29.3	▶	▶	▲
	Potato	24.0	20.0	-53.8	-	▲	▼	-
Hill and mountain markets with road access								
Dhankuta	Coarse rice	25.0	0.0	0.0	-9.1	▶	▶	▶
	Wheat flour	28.0	7.7	7.1	-12.5	▲	▶	▶
	Soybean oil	120.0	0.0	0.0	-15.8	▶	▶	▼
	Chicken	300.0	21.0	-8.8	-	▲	▶	-
	Mas (black gram)	90.0	5.9	0.0	12.5	▲	▶	▶
	Musuro	100.0	5.3	3.1	47.1	▲	▶	▲
	Potato	30.0	7.1	-55.6	66.7	▲	▼	▲
	Rolpa	Coarse rice	27.0	0.0	0.0	-	▶	▶
Wheat flour		33.0	0.0	0.0	-	▶	▶	-
Soybean oil		130.0	-3.7	0.0	-	▶	▶	-
Chicken		200.0	0.0	0.0	-	▶	▶	-
Mas (black gram)		80.0	-15.8	-3.3	-	▼	▶	-
Musuro		100.0	0.0	-4.2	-	▶	▶	-
Potato		25.0	-16.7	0.0	-	▼	▶	-
Sanfebagar		Coarse rice	28.0	-6.7	-7.1	-26.3	▼	▶
	Wheat flour	30.0	-10.4	-8.1	0.0	▼	▶	▶
	Soybean oil	140.0	-	-	-	-	-	-
	Chicken	250.0	19.0	-9.4	-	▲	▶	-
	Mas (black gram)	90.0	2.3	-7.3	30.4	▶	▶	▲
	Musuro	100.0	11.1	-5.9	42.9	▲	▶	▲
	Potato	35.0	0.0	16.7	-12.5	▶	▶	▶
	Jumla	Coarse rice	45.0	0.0	4.3	28.6	▶	▶
Wheat flour		55.0	0.0	-5.8	19.6	▶	▶	▶
Soybean oil		150.0	0.0	0.0	7.1	▶	▶	▶
Chicken		280.0	7.7	0.0	-	▲	▶	-
Mas (black gram)		70.0	0.0	2.8	-12.5	▶	▶	▶
Musuro		80.0	0.0	5.9	0.0	▶	▶	▶
Potato		30.0	0.0	0.0	0.0	▶	▶	▶
Hill and Mountain markets without road access								
Humla	Coarse rice*	32.0	0.0	8.6	-8.6	▶	▶	▶
	Wheat flour	160.0	-11.1	-12.5	14.3	▼	▼	▶
	Soybean oil	320.0	6.7	-7.1	33.3	▲	▶	▲
	Beans	55.0	-8.3	-20.0	-	▼	▼	-
	Musuro	#DIV/0!	-	-	-	-	-	-
	Potato	40.0	33.3	0.0	14.3	▲	▶	▶
	Coarse rice	75.0	0.0	-7.1	7.1	▶	▶	▶
	Dolpa	Wheat flour	90.0	0.0	0.0	0.0	▶	▶
Soybean oil		200.0	0.0	0.0	-9.1	▶	▶	▶
Beans		120.0	0.0	-33.3	-	▶	▼	-
Mas (black gram)		130.0	0.0	0.0	-	▶	▶	-
Musuro		170.0	0.0	0.0	-	▶	▶	-
Potato		40.0	0.0	-60.0	100.0	▶	▼	▲
Coarse rice		40.0	0.0	0.0	-27.3	▶	▶	▼
Bajura		Wheat flour	42.0	0.0	0.0	-10.6	▶	▶
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	100.0	0.0	0.0	11.1	▶	▶	▶
	Musuro	110.0	0.0	0.0	22.2	▶	▶	▲
	Potato	40.0	0.0	0.0	167	▶	▶	▲

▲ 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.

All price information in this report refers to retail prices.