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Jointly produced by:

WFP – Food Security Monitoring and Analysis Unit

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

- The price of staple food in Nepal is now as high, or higher than, during the peak of the international food crisis in August 2008.
- During August and early September monsoon rains reduced road access, and increased transportation costs to many Hill and Mountain markets. Many of these markets have insufficient supply of key commodities and consequently prices have also increased.
- Nepal is expected to face an estimated 400,000 mt domestic food grain deficit this year. This shortfall combined with poor crop cultivation in India is expected to increase food prices in Nepal towards the end of 2009 and during the first quarter of 2010.

## NATIONAL MARKET DEVELOPMENTS

### Price

- The cost of staple food in Nepal is now as high, or higher than during the peak of the international food crisis in August 2008. Compared to August last year\*\*, the price of musuro (lentil) is up by 35 percent, black gram is up by 23 percent, wheat is up by 2 percent, and the price of coarse rice is almost the same.
- Vegetable prices are still very high - in some cases more than double the 2008 price. This is primarily due to the winter drought, late monsoon and difficulty in transportation caused by various road closures.
- The price of sugar in Nepal is continuing to increase, up by an average of 7 percent this month compared to last month. This is due to reduced regional and global supply.

### Supply

- Heavy rainfall and resulting landslides have hindered road access to many markets in Hill and Mountain areas. Traders in the Hill and Mountain markets of Bajhang, Baitadi, Dadeldhura, Dailekh, Dolpa, Jumla, Humla, Mugu, Myagdi and Sindhupalchok reported that there was insufficient supply of important food items to meet the demands of local people.
- Maize and potato harvests have begun in various Hill and Mountain areas in Central and Western Nepal and this has had a positive impact on the availability of these items. However, the harvests have been impaired by drought and in some areas flooding also.
- During the month of August the Nepal Dairy Development Corporation increased the retail price of milk by Npr 2/ltr. Following this decision milk supply was seriously disrupted as dairy farmers across the country protested (by destroying product and blocking highways) to receive a higher proportion of the selling price. The situation was largely resolved by the end of August and dairy supply in September has since returned to normal.

## MARKET OUTLOOK

- Late monsoon rains in Nepal have led to weak paddy cultivation and it is expected that harvests will be significantly reduced. It has been estimated by government officials that Nepal could face a 400,000 ton food grain deficit this year due to the combined impact of the winter drought, delayed monsoon, and in some areas intense flooding. However, relief efforts announced by the government could reportedly reduce this to 180,000 ton.
- India, Nepal's major trading partner, has also suffered a delayed and weak monsoon, it is expected that national grain harvest will be reduced by around 15 to 20 percent. This will place added pressure on prices in Nepal and the region for key food commodities such as paddy, maize and sugar cane.
- This Dasain is expected to be particularly expensive for Nepalese households. Chicken prices are already very high as the poultry industry recovers from losses caused by bird flu earlier in the year. During the year fear of bird flu also led to increased consumption of mutton, and it is reported that mutton prices will also be higher than normal during the 2009 Dasain due to reduced supply.

## MARKETS/ COMMODITIES WITH LARGEST CHANGE

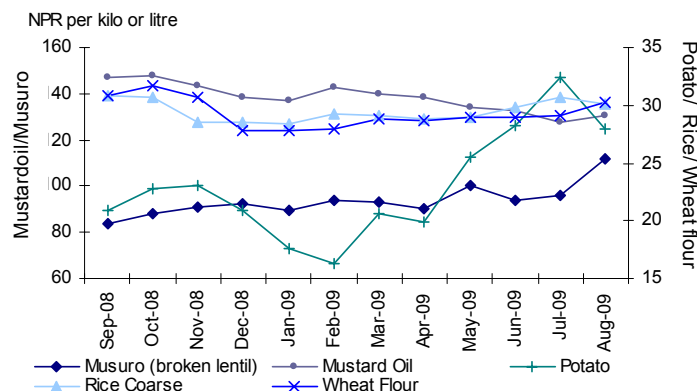
### Largest decreases in retail prices of key commodities

District/Commodity	Price NRs/kg/l	% change 1 month	Observation
Potato (all markets)	Ave. 30 kg	-14%	Harvest of potato has started in many parts of the country which has had a positive impact on supply, However, prices are still very high compared to previous years. In Kathamndu the price has been as high as 40Npr/kg and imports have come from as far as Myanmar.

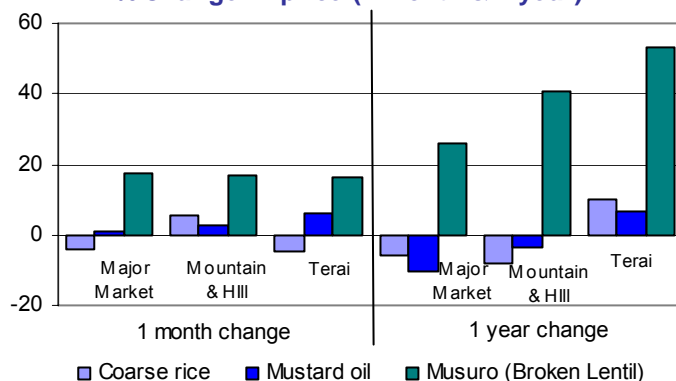
### Largest increases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Sugar (all markets)	Ave. 70 kg	7%	Sugar prices have increased regionally and globally due to reduced supply.

### Average price over 12 month period\*



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



† Prices relate to the Nepali month of Shrawan.

\* 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

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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
<b>Major consumer markets</b>								
Kathmandu	Coarse rice	34.0	-8.1	-8.1	-15.0	▼	▶	▶
	Wheat flour	27.0	0.0	0.0	-22.9	▶	▶	▼
	Soybean oil	87.0	0.0	0.0	-29.0	▶	▶	▼
	Chicken	245.0	2.1	6.5	71.9	▶	▶	▲
	Mustard oil	107.0	-5.3	-14.4	-20.7	▼	▼	▼
	Mas (black gram)	100.0	19.0	17.6	26.6	▲	▲	▲
	Musuro	107.0	10.3	7.0	12.6	▲	▶	▶
	Potato - red	30.0	-9.1	30.4	114	▼	▲	▲
	Pokhara	Coarse rice	36.0	0.0	2.9	2.9	▶	▶
Wheat flour		28.0	0.0	0.0	-6.7	▶	▶	▶
Soybean oil		130.0	4.0	8.3	-7.1	▶	▶	▶
Chicken		300.0	25.0	7.1	50.0	▲	▶	▲
Mustard oil		150.0	7.1	7.1	0.0	▲	▶	▶
Mas (black gram)		95.0	5.6	5.6	18.8	▲	▶	▲
Musuro I		125.0	25.0	31.6	38.9	▲	▲	▲
Potato - red		35.0	-2.8	45.8	75.0	▶	▲	▲
<b>Regional Terai markets</b>								
Biratnagar	Coarse rice	24.0	0.0	4.3	0.0	▶	▶	▶
	Wheat flour	22.0	0.0	-8.3	-14.1	▶	▶	▶
	Soybean oil	95.0	5.6	-10.4	-25.5	▲	▼	▼
	Chicken	260.0	18.2	3.2	54.8	▲	▶	▲
	Mustard oil	118.0	-1.7	-11.1	-12.6	▶	▼	▶
	Mas (black gram)	80.0	17.6	17.6	35.6	▲	▲	▲
	Musuro	110.0	14.6	26.4	37.5	▲	▲	▲
Potato - red	23.0	-32.7	-0.9	93.3	▼	▶	▲	
Biratnagar	Coarse rice	26.4	-	5.6	-4.3	-	▶	▶
	Wheat flour	24.8	1.6	7.8	2.1	▶	▶	▶
	Soybean oil	86.0	-4.4	-21.8	-32.5	▶	▼	▼
	Chicken	220.0	-12.0	22.2	37.5	▶	▶	▶
	Mustard oil	110.0	2.8	-8.3	-17.0	▶	▶	▶
	Mas (black gram)	75.4	0.8	1.9	7.7	▶	▶	▶
	Musuro	99.6	4.8	13.2	18.1	▶	▶	▶
Potato - red	25.0	-3.8	25.0	85.2	▶	▶	▶	
Nepalgunj	Coarse rice	26.0	-4.2	4.0	18.2	▶	▶	▲
	Wheat flour	24.0	4.8	-2.0	41.2	▶	▶	▲
	Soybean oil	110.0	0.0	-4.3	-8.3	▶	▶	▶
	Chicken	247.0	-17.7	17.6	37.2	▼	▶	▶
	Mustard oil	135.0	3.8	12.5	12.5	▶	▶	▶
	Mas (black gram)	84.0	0.6	12.0	20.0	▶	▶	▶
	Musuro	120.0	27.9	41.2	71.4	▲	▶	▶
Potato - red	21.0	-22.2	5.0	10.5	▼	▶	▶	
Dhangadhi	Coarse rice	26.0	-7.1	22.4	44.4	▼	▲	▲
	Wheat flour	23.5	6.8	17.5	6.8	▲	▶	▶
	Soybean oil	105.0	16.7	-12.5	49.5	▲	▼	▶
	Chicken	275.0	-1.8	37.5	37.5	▶	▶	▶
	Mustard oil	122.0	22.0	10.9	73.7	▲	▶	▶
	Mas (black gram)	124.0	37.8	65.3	24.0	▲	▶	▶
	Musuro	110.0	17.0	4.8	96.4	▲	▶	▶
	Potato - red	26.0	-25.7	-7.1	3.6	▼	▶	▶

▲ 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	26.0	-7.1	0.0	-7.1	▼	▶	▶
	Wheat flour	25.0	13.6	0.0	4.2	▲	▶	▶
	Soybean oil	105.0	10.5	10.5	-18.0	▲	▶	▼
	Chicken	200.0	-	-9.1	42.9	-	▶	▲
	Mustard oil	115.0	4.5	-17.9	-23.3	▶	▼	▼
	Mas (black gram)	110.0	4.8	37.5	71.9	▶	▶	▶
	Musuro	115.0	17.3	27.8	43.8	▲	▶	▶
	Potato - red	24.0	-4.0	20.0	140	▶	▶	▶
	<b>Hill and mountain markets with road access</b>							
Dhankuta	Coarse rice	26.0	4.0	4.0	-11.9	▶	▶	▶
	Wheat flour	29.0	0.0	11.5	-4.9	▶	▶	▶
	Soybean oil	110.0	0.0	-8.3	-24.1	▶	▶	▼
	Chicken	300.0	-	21.0	87.5	-	▶	▶
	Mas (black gram)	90.0	5.9	5.9	24.1	▶	▶	▶
	Musuro	110.0	10.0	15.8	37.5	▶	▶	▶
Potato - red	-	-	-	-	-	-	-	
Rolpa	Coarse rice	30.0	7.1	11.1	7.1	▶	▶	▶
	Wheat flour	30.0	-9.1	-9.1	-14.3	▼	▶	▶
	Soybean oil	130.0	-3.7	-3.7	-13.3	▶	▶	▶
	Chicken	240.0	20.0	20.0	20.0	▶	▶	▶
	Mas (black gram)	100.0	8.7	5.3	35.1	▶	▶	▶
	Musuro	120.0	20.0	20.0	62.2	▶	▶	▶
Potato - red	30.0	0.0	0.0	66.7	▶	▶	▶	
Sanfebagar	Coarse rice	30.0	7.1	0.0	-25.0	▶	▶	▼
	Wheat flour	50.0	66.7	49.3	56.3	▶	▶	▶
	Soybean oil	-	-	-	-	-	-	-
	Chicken	300.0	-	42.9	50.0	-	▶	▶
	Mas (black gram)	100.0	11.1	13.6	42.9	▶	▶	▶
	Musuro	100.0	0.0	11.1	42.9	▶	▶	▶
Potato - red	35.0	-12.5	0.0	16.7	▼	▶	▶	
Jumla	Coarse rice	47.0	4.4	4.4	4.4	▶	▶	▶
	Wheat flour	50.0	-16.7	-9.1	-9.1	▼	▶	▶
	Soybean oil	150.0	0.0	0.0	-14.3	▶	▶	▶
	Chicken	280.0	40.0	7.7	3.7	▶	▶	▶
	Mas (black gram)	100.0	42.9	42.9	25.0	▶	▶	▶
	Musuro	110.0	37.5	37.5	37.5	▶	▶	▶
Potato - red	30.0	-25.0	0.0	100	▼	▶	▶	
<b>Hill and Mountain markets without road access</b>								
Humla	Coarse rice*	32.0	-	0.0	-20.0	-	▶	▼
	Wheat flour	260.0	-	44.4	85.7	-	▶	▶
	Soybean oil	300.0	-	0.0	7.1	-	▶	▶
	Beans	65.0	-	8.3	62.5	-	▶	▶
	Musuro	-	-	-	-	-	-	-
	Potato - red	50.0	-	66.7	100	-	▶	▶
Dolpa	Coarse rice	80.0	-	6.7	6.7	-	▶	▶
	Wheat flour	100.0	-	11.1	11.1	-	▶	▶
	Soybean oil	200.0	-	0.0	0.0	-	▶	▶
	Beans	175.0	-	45.8	8	-	▶	▶
	Mas (black gram)	150.0	-	15.4	7.1	-	▶	▶
	Musuro	200.0	-	17.6	42.9	-	▶	▶
Bajura	Potato - red	40.0	-	0.0	33.3	-	▶	▶
	Coarse rice	40.0	-	0.0	33.3	-	▶	▶
	Wheat flour	45.0	-	12.5	-18.2	-	▶	▼
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	110.0	-	10.0	22.2	-	▶	▶
	Musuro	110.0	-	0.0	22.2	-	▶	▶
Potato - red	20.0	-	-50.0	33.3	-	▼	▶	

All price information in this report refers to retail prices until August 15.

