



Market Watch 19

October 2009

Jointly produced by:

- WFP – Food Security Monitoring and Analysis Unit
- MoAC – Department of Agriculture, Agribusiness Promotion and Marketing Development Directorate (ABPMDD)
- FNCCI / AEC – Federation of Nepalese Chamber of Commerce and Industries/ Agricultural Enterprise Centre
- CIPF – Consumer Interest Protection Forum



HIGHLIGHTS

- High food prices have remained of significant concern for over 18 months. The recent year-on-year food price inflation figure provided by the Nepal Rastra Bank in October was 16.3 percent.
- Harvesting of the summer crop has generally improved market supply and will likely ease food prices in coming months. However, poor regional and domestic production, combined with increasing global demand, will likely push the price of grains up significantly by the beginning of 2010.
- The rising price of pulses and basic vegetables remains of serious concern, over the past 6 months a survey by WFP of almost 500 households revealed that 60 percent had switched to eating cheaper and often less nutritious foods.

NATIONAL MARKET DEVELOPMENTS

Price

The price of food grains have generally remained stable across Nepal this month due to summer harvesting and the re-opening of key roads following the end of monsoon. The national average price of coarse rice in October across surveyed markets was Npr 31 per kilo and for wheat Npr 33 per kilo. However, these prices are higher than the same period last year (up by 3 percent) and significantly higher than in prior years.

Rising prices for pulses and basic vegetables remains of serious concern. In the past month alone, the national average price of musuro (broken lentil) has increased by Npr 5 per kilo (Npr 108 to Npr 113) and the national average price of potato has increased by Npr 4 (Npr 32 to Npr 36). Compared to 18 months ago, the price of blackgram and musuro have both increased by approximately Npr 26 per kilo – a 30 percent increase for blackgram and a 67 percent increase for musuro. The price of potato has increased by approximately Npr 25 per kilo or by 116 percent over the last 18 months.

Faced with these price increases and poor household food production, Nepal's poorest families are switching to cheaper and less nutritious food as they can not afford to maintain their normal diet. A recent WFP survey of almost 500 households across 51 districts showed that in the last three months, on average 60 percent of households changed their eating habits to switch to cheaper and often less nutritious meals.

Supply

The supply situation in food markets has been very bad in many hill and mountain districts over the past months due to poor crop production and monsoon damage to key transportation routes. During October the situation generally started to improve. However, various mountain and hill markets are still suffering from heavily depleted market stocks. Of mountain markets regularly surveyed by WFP, only 14 percent have sufficient supply of rice, 16 percent sufficient supply of maize and 33 percent sufficient supply of wheat. Mountain markets dependent upon the Karnali highway continue to be poorly supplied because of road damage from landslides in Dialekh and Kalikot that have yet to be repaired.

MARKET OUTLOOK

Overall food grain availability should improve this month both at the household and market level as paddy and millet are harvested across much of the country. The most immediate concern to market supply and food prices is the likelihood of increased bandh activity during November.

- Poor regional and domestic summer crop production, combined with increasing global demand, will likely push the price of grains up significantly by the beginning of 2010.

MAJOR PRICE CHANGE (OVER PAST MONTH)

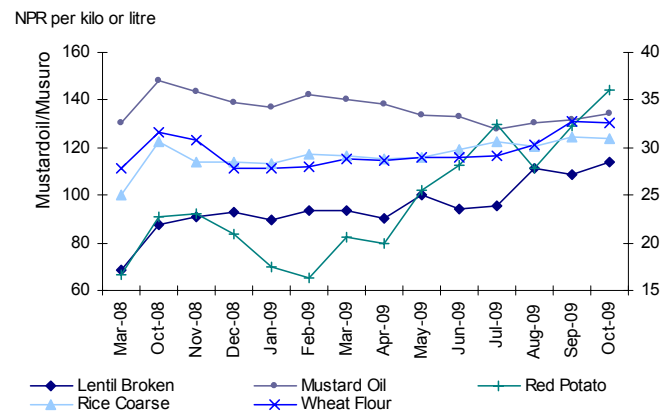
Largest increases in prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Potato	Ave. 36	12%	Poor local and regional production.
Lentil	Ave. 113	5%	

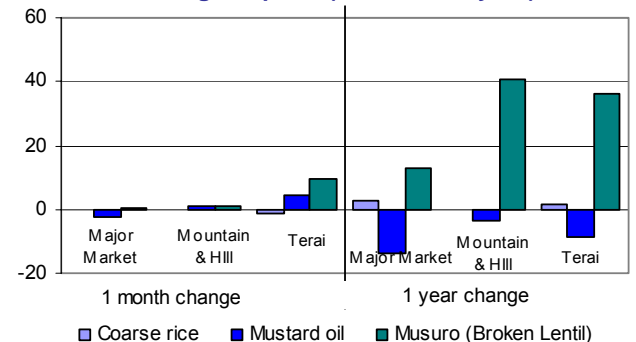
Largest decreases in prices of key commodities

Chicken	Av. 253 kg	-4.0%	End of festival period.
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Average price over 18 month period*



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



† Prices relate to the Nepali month of Bhadra.

* 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

Market Watch - 19 Major retail commodity prices for October.

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	2.6	8.1	1.3	▶	▶	▶
	Wheat flour	26.0	0.0	-3.7	-3.7	▶	▶	▶
	Soybean oil	87.0	-3.3	0.0	-31	▶	▶	▼
	Chicken	250.0	-2.0	4.2	25.0	▶	▶	▲
	Mustard oil	113.0	5.6	0.0	-18	▲	▶	▼
	Mas (black gram)	103.0	-1.9	22.6	18.4	▶	▲	▲
	Musuro	103.0	-3.7	6.2	6.2	▶	▶	▶
	Potato - red	53.0	32.5	60.6	141	▲	▲	▲
	Pokhara	Coarse rice	35.0	-2.8	-2.8	4.5	▶	▶
Wheat flour		31.6	1.9	12.9	14.1	▶	▲	▶
Soybean oil		120.0	0.0	-4.0	-12.7	▶	▶	▶
Chicken		260.0	-21.2	-7.1	10.6	▼	▶	▶
Mustard oil		135.0	-10.0	-3.6	-10.0	▼	▶	▶
Mas (black gram)		100.0	0.0	11.1	23.5	▶	▲	▲
Musuro I		125.0	4.2	25.0	19.6	▶	▲	▲
Potato - red		42.0	5.0	16.7	115	▶	▲	▲
Regional Terai markets								
Biratnagar	Coarse rice	26.0	0.0	8.3	2.8	▶	▶	▶
	Wheat flour	24.0	0.0	9.1	-9.4	▶	▶	▶
	Soybean oil	90.0	-5.3	0.0	-30.8	▶	▶	▼
	Chicken	272.0	4.6	13.3	43.9	▶	▲	▲
	Mustard oil	128.0	-1.5	6.7	-8.6	▶	▶	▶
	Mas (black gram)	95.0	18.8	39.7	43.1	▲	▲	▲
	Musuro	102.0	7.4	6.3	13.3	▲	▶	▶
Birgunj	Coarse rice	27.0	-2.2	-	-8.2	▶	-	▶
	Wheat flour	24.0	4.3	-1.6	0.0	▶	▶	▶
	Soybean oil	110.0	21.1	22.2	-13.5	▲	▲	▶
	Chicken	224.0	1.8	1.8	24.4	▶	▶	▲
	Mustard oil	115.0	4.5	7.5	-17.9	▶	▶	▼
	Mas (black gram)	80.0	0.0	7.0	7.4	▶	▶	▶
	Musuro	110.0	5.8	15.8	18.3	▲	▲	▲
Nepalgunj	Coarse rice	26.0	0.0	-4.2	22.4	▶	▶	▲
	Wheat flour	24.0	0.0	4.8	16.1	▶	▶	▲
	Soybean oil	110.0	0.0	0.0	-13.2	▶	▶	▶
	Chicken	247.0	0.0	14.9	37.2	▶	▲	▲
	Mustard oil	135.0	0.0	3.8	2.5	▶	▶	▶
	Mas (black gram)	84.0	0.0	0.6	35.8	▶	▶	▲
	Musuro	120.0	0.0	27.9	59.3	▶	▲	▲
Dhangadhi	Potato - red	30.0	20.0	11.1	50.0	▲	▲	▲
	Coarse rice	26.0	0.0	-7.1	-7.1	▶	▶	▶
	Wheat flour	25.0	0.0	13.6	0.0	▶	▲	▶
	Soybean oil	75.0	-31.8	-16.7	-21.1	▼	▼	▼
	Chicken	197.5	-17.7	-1.3	-1.3	▼	▶	▶
	Mustard oil	120.0	0.0	20.0	-20.0	▶	▲	▼
	Mas (black gram)	120.0	20.0	33.3	14.3	▲	▲	▶
Dhangadhi	Musuro	120.0	20.0	27.7	53.8	▲	▲	▲
	Potato - red	40.0	0.0	14.3	42.9	▶	▲	▲

▲ 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

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	25.0	-3.8	-10.7	-2.0	▶	▼	▶
	Wheat flour	27.0	-10.0	22.7	5.9	▼	▲	▶
	Soybean oil	98.0	4.3	3.2	-21.6	▶	▶	▼
	Chicken	225.0	0.0	12.5	35.1	▶	▲	▲
	Mustard oil	150.0	18.1	36.4	0.0	▲	▲	▶
	Mas (black gram)	90.0	-14.3	-14.3	45.2	▼	▼	▲
	Musuro	120.0	14.3	22.4	34.8	▲	▲	▲
	Potato - red	32.0	23.1	28.0	204	▲	▲	▲

Hill and mountain markets with road access

Dhankuta	Coarse rice	26.0	0.0	4.0	-11.9	▶	▶	▶
	Wheat flour	30.0	0.0	3.4	0.0	▶	▶	▶
	Soybean oil	100.0	-9.1	-9.1	-27.3	▼	▶	▼
	Chicken	330.0	3.8	10.0	57.1	▶	▶	▲
	Mas (black gram)	90.0	-5.3	5.9	2.9	▼	▶	▶
	Musuro	110.0	0.0	10.0	25.7	▶	▶	▲
	Potato - red	42.0	20.0	40.0	110.0	▲	▲	▲
Rolpa	Coarse rice	35.0	0.0	25.0	25.0	▶	▲	▲
	Wheat flour	35.0	0.0	6.1	16.7	▶	▶	▶
	Soybean oil	135.0	3.8	0.0	-5.3	▶	▶	▶
	Chicken	250.0	0.0	0.0	25.0	▶	▶	▲
	Mas (black gram)	105.0	5.0	14.1	31.3	▶	▲	▲
	Musuro	120.0	4.3	20.0	54.8	▶	▲	▲
	Potato - red	32.0	14.3	6.7	52.4	▲	▶	▲
Sanfebagar	Coarse rice	30.0	0.0	7.1	-6.3	▶	▶	▶
	Wheat flour	52.0	0.0	73.3	23.8	▶	▲	▲
	Soybean oil	-	-	-	-	-	-	-
	Chicken	250.0	0.0	0.0	25.0	▶	▶	▲
	Mas (black gram)	100.0	0.0	11.1	42.9	▶	▲	▲
	Musuro	100.0	0.0	0.0	33.3	▶	▶	▲
	Potato - red	40.0	0.0	0.0	-20.0	▶	▶	▼
Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	60.0	0.0	0.0	-9.1	▶	▶	▶
	Soybean oil	160.0	0.0	6.7	-12.3	▶	▶	▶
	Chicken	280.0	0.0	0.0	-2.1	▶	▶	▶
	Mas (black gram)	110.0	0.0	57.1	0.5	▶	▲	▶
	Musuro	120.0	0.0	50.0	45.5	▶	▲	▲
	Potato - red	20.0	0.0	-50.0	11.1	▶	▼	▶

Hill and Mountain markets without road access

Humla	Coarse rice*	32.0	0.0	-	-20.0	▶	-	▼
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	300.0	0.0	-	7.1	▶	-	▶
	Beans	50.0	-28.6	-	0.0	▼	-	▶
	Musuro	-	-	-	-	-	-	-
Dolpa	Potato - red	-	-	-	-	-	-	-
	Coarse rice	90.0	0.0	-	12.5	▶	-	▶
	Wheat flour	105.0	5.0	-	16.7	▶	-	▲
	Soybean oil	200.0	0.0	-	0	▶	-	▲
	Beans	125.0	4.2	-	25.0	▶	-	▲
	Mas (black gram)	170.0	0.0	-	21.4	▶	-	▲
	Musuro	200.0	0.0	-	42.9	▶	-	▲
Bajura	Potato - red	40.0	-20.0	-	33.3	▼	-	▲
	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
Bajura	Musuro	-	-	-	-	-	-	-
	Potato - red	-	-	-	-	-	-	-

For the latest information relating to food security in Nepal check out the Food Security Monitoring System (NeKSAP) google group <http://groups.google.com/group/NeKSAP?hl=en>.

