



# Market Watch 22

February 2010

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

- **National food price inflation still remains of significant concern. The most recent year-on-year food price inflation figure provided by the Nepal Rastra Bank in February was 18.1 percent (compared to 17.8 percent last month). High food prices are driving overall high consumer price inflation, which is currently estimated at 11.8 percent.**
- **Potato prices continue to fall following the strong recent harvest. Prices are down 35 percent compared to last month, however they are still slightly higher than this time last year.**
- **The outbreak of bird flu which occurred around Pokhara has resulted in an increased demand for mutton and other meats. In Kathmandu the price of mutton has increased by over 50 Npr per kilo.**

## NATIONAL MARKET DEVELOPMENTS

### Price

The price of staple food grains have generally remained stable or declined across Nepal this month. In the markets regularly monitored by WFP and MoAC the average price of coarse rice in February was Npr 31 per kilo (compared to Npr 32 last month); the national average wheat price was Npr 32 per kilo (compared to Npr 35 last month); and Blackgram was Npr 113 per kilo (compared to Npr 110 last month). Grain prices are relatively stable due to the recent summer harvest which has helped restock local markets. However, the summer harvest was too weak to significantly reduce prices as would normally be expected at this time of year.

Vegetable prices around the country are dropping as supply becomes more readily available. For example, the price of potatoes is down 35 percent compared to last month. However, across Nepal prices are still more expensive than this time last year; Npr 20 per kilo compared to Npr 16 per kilo in 2009.

National food price inflation still remains of significant concern. The most recent year-on-year food price inflation figure provided by the Nepal Rastra Bank in February was 18.1 percent (compared to 17.8 percent last month). High food prices are driving overall high consumer price inflation, which is currently estimated at 11.8 percent.

The outbreak of bird flu which occurred around Pokhara has resulted in an escalation of demand for mutton and other meats. In Kathmandu the price of mutton has increased by over 50 Npr per kilo (from 450 Npr to 500 Npr).

### Supply

Generally supply improved across Nepal during February. However, supply to Mugu was hampered by snowfall and this delayed the re-stocking of both local markets and blocked WFP food aid deliveries for a number of days.

The supply of cooking gas was affected across the country due to a strike by the LPG Industry Association. However the strike was lifted in early March. Over 70 percent of Hill markets surveyed had insufficient supply of gas for cooking during February.

During January bandhs closed markets for at least one day in: Saptari, Siraha, Bara, Dailekh, Jumla, Kailali and Kanchanpur.

According to press reports, as part of broader land seizure activities, including 119 hectares of land in Morang and Sunsari, Maoist aligned organizations reportedly seized 8 MT of rice in Sunsari during February.

The government has already negotiated the procurement of 50,000 MT of wheat from India with further negotiations ongoing.

## Outlook

It is likely that the poor summer harvest which led to a grain deficit of up to 400,000 MT (representing around 7.5 percent of the total cereal grain requirement) will result in food prices remaining high until the winter harvest.

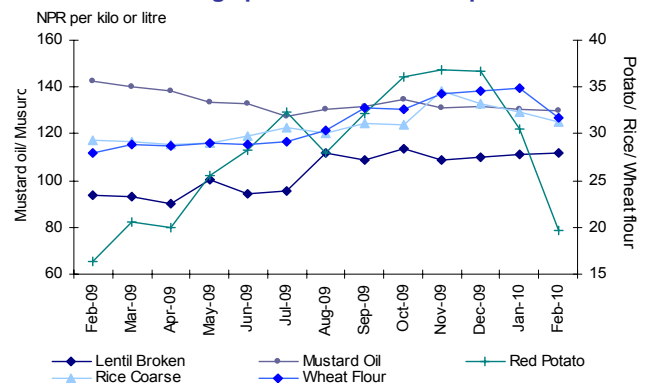
## MAJOR PRICE CHANGE (OVER PAST MONTH)

Largest increases in prices of key commodities			
District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Dolpa	Various commodities	10%	Delayed supply.

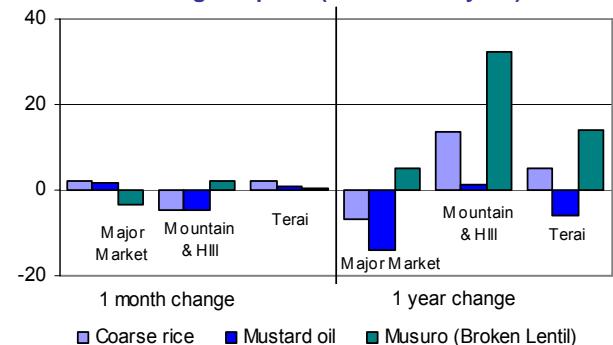
  

Largest decreases in prices of key commodities			
District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Potato	19.7	-35%	Strong recent harvest.

## Average price over 12 month period\*



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



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† Prices relate to the Nepali month of Magh.

\* 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 - 22 Major retail commodity prices for February.

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	32.0	0.0	-20.0	-11.1	▶	▼	▶
	Wheat flour	29.0	3.6	11.5	11.5	▶	▶	▶
	Soybean oil	97.0	0.0	11.5	-19.8	▶	▶	▼
	Chicken	273.0	-2.5	43.7	4	▶	▶	▶
	Mustard oil	107.0	0.0	0.0	-21.9	▶	▶	▼
	Mas (black gram)	133.0	0.0	13.7	56.5	▶	▶	▶
	Musuro	107.0	0.0	-5.3	10.3	▶	▶	▶
	Potato - red	21.0	-34.4	-47.5	23.5	▶	▶	▶
	Pokhara	Coarse rice	36.0	4.7	2.9	-2.7	▶	▶
Wheat flour	34.0	6.3	6.3	21.4	▶	▶	▶	
Soybean oil	98.0	-10.9	8.9	-21.6	▶	▶	▼	
Chicken	250.0	4.2	0.0	25.0	▶	▶	▶	
Mustard oil	145.0	3.6	3.6	-6.5	▶	▶	▶	
Mas (black gram)	120.0	-1.6	-1.6	50.0	▶	▶	▶	
Musuro	100.0	-6.5	-10.7	0.0	▶	▶	▶	
Potato - red	22.0	-37.1	-52.2	22.2	▶	▶	▶	
<b>Regional Terai markets</b>								
Biratnagar	Coarse rice	23.0	-8.0	-11.5	-4.2	▶	▶	▶
	Wheat flour	27.0	12.5	8.0	12.5	▶	▶	▶
	Soybean oil	100.0	7.5	0.0	-15.3	▶	▶	▶
	Chicken	270.0	8.0	3.8	54.3	▶	▶	▶
	Mustard oil	120.0	-6.3	-7.7	-5.5	▶	▶	▶
	Mas (black gram)	115.0	-4.2	21.1	55.4	▶	▶	▶
	Musuro	100.0	0.0	0.0	11.1	▶	▶	▶
Potato - red	10.0	-68.8	-75.0	0.0	▶	▶	▶	
Birgunj	Coarse rice	28.0	3.7	0.0	19.7	▶	▶	▶
	Wheat flour	25.0	4.2	4.2	8.7	▶	▶	▶
	Soybean oil	98.0	4.3	-5.8	-10.9	▶	▶	▶
	Chicken	220.0	-12.0	0.0	22.2	▶	▶	▶
	Mustard oil	120.0	9.1	4.3	-4.0	▶	▶	▶
	Mas (black gram)	74.0	-5.1	-9.0	11.4	▶	▶	▶
	Musuro	106.0	1.9	6.0	12.8	▶	▶	▶
Potato - red	12.0	-53.8	-64.7	33.3	▶	▶	▶	
Nepalgunj	Coarse rice	30.0	0.0	11.1	25.0	▶	▶	▶
	Wheat flour	24.0	0.0	-4.0	0.0	▶	▶	▶
	Soybean oil	90.0	0.0	0.0	-30.8	▶	▶	▶
	Chicken	213.0	-	0.0	18.3	▶	▶	▶
	Mustard oil	100.0	0.0	-7.4	-25.9	▶	▶	▶
	Mas (black gram)	125.0	31.6	22.5	78.6	▶	▶	▶
	Musuro	100.0	0.0	0.0	11.1	▶	▶	▶
Potato - red	20.0	0.0	-33.3	66.7	▶	▶	▶	
Dhangadhi	Coarse rice	26.1	-3.7	-3.7	0.4	▶	▶	▶
	Wheat flour	26.5	1.9	15.2	10.4	▶	▶	▶
	Soybean oil	70.0	0.0	-	-17.6	▶	▶	▶
	Chicken	200.0	-33.3	-16.7	17.6	▶	▶	▶
	Mustard oil	120.0	0.0	0.0	-14.3	▶	▶	▶
	Mas (black gram)	130.0	8.3	4.0	16.1	▶	▶	▶
	Musuro	110.0	0.0	0.0	0.0	▶	▶	▶
Potato - red	11.0	-45.0	-56.0	69.2	▶	▶	▶	

▲ 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	28.0	16.7	7.7	3.7	▶	▶	▶
	Wheat flour	26.0	4.0	-3.7	8.3	▶	▶	▶
	Soybean oil	90.0	-5.3	0.0	-30.8	▶	▶	▶
	Chicken	160.0	-42.9	-11.1	-5.9	▶	▶	▶
	Mustard oil	150.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	125.0	13.6	25.0	78.6	▶	▶	▶
	Musuro	125.0	0.0	0.0	31.6	▶	▶	▶
	Potato - red	15.0	-25.0	-57.1	25.0	▶	▶	▶

## Hill and mountain markets with road access

Dhankuta	Coarse rice	26.0	0.0	0.0	8.3	▶	▶	▶
	Wheat flour	31.0	3.3	3.3	19.2	▶	▶	▶
	Soybean oil	105.0	0.0	5.0	-11.0	▶	▶	▶
	Chicken	340.0	59.6	6.3	49.1	▶	▶	▶
	Mas (black gram)	100.0	0.0	0.0	25.0	▶	▶	▶
	Musuro	110.0	0.0	0.0	15.8	▶	▶	▶
	Potato - red	25.0	-28.6	-44.4	78.6	▶	▶	▶
Rolpa	Coarse rice	35.0	0.0	0.0	25.0	▶	▶	▶
	Wheat flour	35.0	-30.0	-22.2	6.1	▶	▶	▶
	Soybean oil	130.0	8.3	-3.7	-4.4	▶	▶	▶
	Chicken	260.0	30.0	0.0	33.3	▶	▶	▶
	Mas (black gram)	95.0	-20.8	-5.0	10.5	▶	▶	▶
	Musuro	125.0	4.2	38.9	37.4	▶	▶	▶
Potato - red	30.0	-25.0	-14.3	25.0	▶	▶	▶	
Sanfebagar	Coarse rice	30.0	0.0	0.0	13.2	▶	▶	▶
	Wheat flour	32.0	6.7	6.7	4.9	▶	▶	▶
	Soybean oil	#DIV/0!	-	-	-	-	-	-
	Chicken	300.0	-	0.0	57.9	-	▶	▶
	Mas (black gram)	120.0	0.0	0.0	47.2	▶	▶	▶
Musuro	120.0	0.0	0.0	46.3	▶	▶	▶	
Potato - red	30.0	-40.0	-40.0	-23.1	▶	▶	▶	
Jumla	Coarse rice	50.0	-23.1	-37.5	8.7	▶	▶	▶
	Wheat flour	60.0	-33.3	-33.3	33.3	▶	▶	▶
	Soybean oil	140.0	-12.5	-12.5	0.0	▶	▶	▶
	Chicken	300.0	-	0.0	20.0	-	▶	▶
	Mas (black gram)	110.0	-	22.2	48.6	-	▶	▶
	Musuro	130.0	8.3	8.3	52.9	▶	▶	▶
	Potato - red	20.0	-20.0	-20.0	11.1	▶	▶	▶

## Hill and Mountain markets without road access

Humla	Coarse rice*	35.0	0.00	9.38	0.00	▶	▶	▶
	Wheat flour	220.0	-	0.0	37.5	-	▶	▶
	Soybean oil	300.0	0.0	0.0	7.1	▶	▶	▶
	Beans	100.0	25.0	100	100	▶	▶	▶
	Musuro	-	-	-	-	-	-	-
	Potato - red	35.0	-12.5	16.6	16.6	▶	▶	▶
Dolpa	Coarse rice	90.0	0.0	0.0	28.6	▶	▶	▶
	Wheat flour	100.0	-4.8	-4.8	11.1	▶	▶	▶
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶
	Beans	150.0	20.0	20.0	66.7	▶	▶	▶
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	200.0	0.0	0.0	17.6	▶	▶	▶
Potato - red	50.0	25.0	25.0	100	▶	▶	▶	
Bajura	Coarse rice	33.4	-	-25.8	23.7	-	▶	▶
	Wheat flour	46.0	-	9.5	9.5	-	▶	▶
	Beans	NA	-	-	-	-	-	-
	Mas (black gram)	130.0	-	-	62.5	-	-	▶
	Musuro	130.0	-	-	30.0	-	-	▶
Potato - red	30.0	-	50.0	0.0	-	▶	▶	

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