



Market Watch 26

August 2010

Jointly produced by:

WFP – World Food Programme Nepal

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 remains of significant concern. Nepal Rastra Bank's latest data indicates year-on-year food price inflation is over 15 percent.**
- **During the past two months many major supply roads and trails leading into hill and mountain areas have been obstructed by landslides caused by monsoon rain.**

NATIONAL MARKET DEVELOPMENTS

Price

In the markets regularly monitored by WFP and MoAC, the national average price of coarse rice in August was Npr 34 per kilo (compared to 33 last month); the average price of wheat was Npr 34.6 per kilo (compared to Npr 34.1 last month); and the average price of musuro (broken lentil) was Npr 112.7 per kilo (compared to Npr 109 last month). The average price of potato increased to Npr 25.8 per kilo (compared to Npr 22.1 last month).

Substantial food price increases have occurred in many hill and mountain markets due to landslides and resulting road closures.

Fruit and vegetable prices have increased significantly in the past two weeks in major consumer markets. This is a result of both reduced supply due to crop damage caused by late and heavy monsoon rains and increased demand relating to major festivals. In Kathmandu the wholesale prices of vegetables such as carrot, cabbage and cauliflower have increased between 40-80 percent, retail price increases have been even higher.

Year on year (y-o-y) food price inflation, as measured by the consumer price index, increased to 15.4 percent in mid-July 2010 compared to 11.3 percent in mid-June. Sustained double digit food price inflation is of high concern.

Supply

Monsoon rains have significantly reduced supply into hill and mountain markets across Nepal. At the time of writing this report, major supply route from Tibet, the Arniko Hwy, was blocked following several landslides. In addition, it is likely that the Karnali Hwy will remain closed during the coming months as repairs begin. The food supply situation is particularly bad in the Karnali region as air transportation has also been significantly obstructed with very few commercial flights operating in the region during August and the beginning of September. WFP Field Monitors have indicated that the following markets are particularly affected: Bajhang, Darchula, Bajura, Jumla, Kalikot, Humla, Mugu, Rukum, Mustang, Okhaldunga, Khotang, Sankhuwasabha, Bhojpur, and Solukhumbu.

During August, political or transport related bandhs prevented markets from opening for between 1-3 days in: Parbat, Baglung, Panchthar, Sankhuwasabha, Okhaldhunga, Udayapur, Dhanusa, Mahottari, Sarlahi, Kailali and Kancharpur

The recent national petrol shortage has reportedly delayed food transportation in many areas. The West of Nepal is facing the worst petrol shortages and this is adding to the

transportation problems associated with landslides and flooding.

Outlook

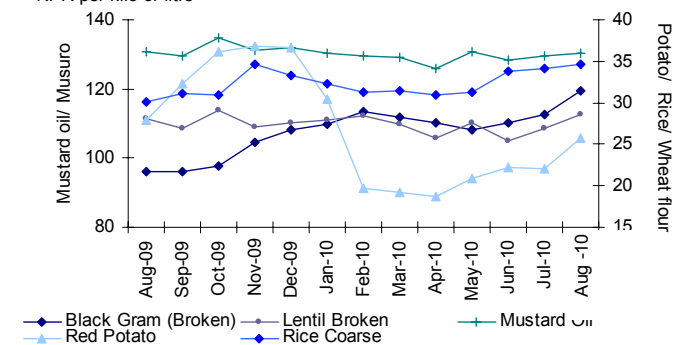
Prices are likely to continue to increase for most food commodities over the next two months. Demand is expected to increase due to the festival period and the supply situation for staple commodities is not expected to improve until the major paddy harvest in November. However, the harvest of maize in hill and mountain areas will provide relief to the people from late September onwards.

Recent international price increases in wheat are not expected to impact Nepal due to strong supply of wheat in India. The government of India is expected to release a significant quantity of stored grain in the coming months, which may exert downward pressure on wheat prices in Nepal.

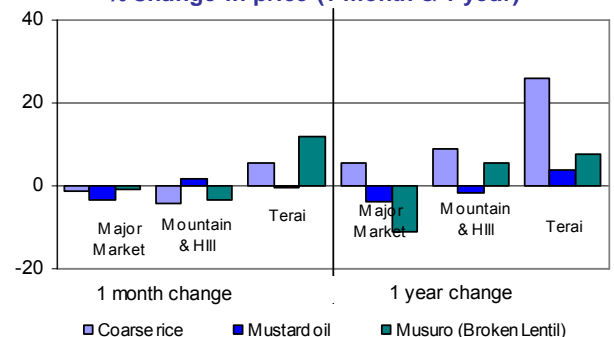
MAJOR PRICE CHANGE (OVER PAST MONTH)

Largest increases in prices of key commodities			
District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Vegetables			
Major consumer markets	-	40-80%	Supply constraints due to crop damage and increased demand due to festival season

NPR per kilo or litre



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



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>.

† 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



Market Watch - 26 Major retail commodity prices for August.

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

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Kathmandu	Coarse rice	34.0	-2.9	17.2	0.0	▶	▲	▶
	Wheat flour	34.0	0.0	9.7	25.9	▶	▶	▲
	Soybean oil	95.0	0.0	-18.8	9.2	▶	▼	▶
	Chicken	227.0	29.7	-5.4	-7.3	▲	▶	▶
	Mustard oil	100.0	-16.7	-32.0	-6.5	▼	▼	▶
	Mas (black gram)	117.0	1.7	48.1	17.0	▶	▲	▲
	Musuro	100.0	-2.0	-10.7	-6.5	▶	▼	▶
Pokhara	Coarse rice	40.0	0.0	14.3	11.1	▶	▲	▶
	Wheat flour	34.0	0.0	0.0	21.4	▶	▶	▲
	Soybean oil	110.0	4.8	15.8	-15.4	▶	▲	▼
	Chicken	340.0	6.3	-5.6	13.3	▲	▶	▶
	Mustard oil	148.0	9.6	7.2	-1.3	▲	▶	▶
	Mas (black gram)	120.0	-7.7	-4.0	26.3	▼	▶	▲
	Musuro	105.0	0.0	5.0	-16.0	▶	▶	▼
Potato	28.0	12.0	12.0	-20.0	▲	▲	▼	

Regional Terai markets

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Biratnagar	Coarse rice	35.0	9.4	25.0	45.8	▲	▲	▲
	Wheat flour	30.0	3.4	7.1	36.4	▶	▶	▲
	Soybean oil	95.0	5.6	3.3	0.0	▲	▶	▶
	Chicken	280.0	12.9	7.7	7.7	▲	▶	▶
	Mustard oil	115.0	0.0	-4.2	-2.5	▶	▶	▶
	Mas (black gram)	120.0	22.4	36.4	50.0	▲	▲	▲
	Musuro	80.0	-9.1	-13.0	-27.3	▼	▼	▼
Birgunj	Coarse rice	40.0	17.6	39.9	51.5	▲	▲	▲
	Wheat flour	27.0	-26.2	3.8	8.9	▼	▶	▶
	Soybean oil	110.0	-36.8	10.0	27.9	▼	▶	▲
	Chicken	260.0	8.3	8.3	18.2	▶	▶	▶
	Mustard oil	122.0	1.7	1.7	10.9	▶	▶	▶
	Mas (black gram)	100.0	0.0	0.0	32.6	▶	▶	▲
	Musuro	142.0	35.2	42.0	42.6	▲	▲	▲
Nepalgunj	Coarse rice	25.0	-12.3	-10.7	-3.8	▼	▼	▶
	Wheat flour	28.0	-0.9	0.0	16.7	▶	▶	▲
	Soybean oil	95.0	5.6	5.6	-13.6	▲	▶	▶
	Chicken	220.0	0.0	0.0	-10.9	▶	▶	▶
	Mustard oil	110.0	-4.3	-4.3	-18.5	▶	▶	▼
	Mas (black gram)	100.0	14.9	17.6	19.0	▲	▲	▲
	Musuro	90.0	5.9	5.9	-25.0	▲	▶	▼
Dhangadhi	Coarse rice	30.5	1.6	9.0	17.2	▶	▶	▲
	Wheat flour	26.0	0.0	-11.9	10.6	▶	▼	▶
	Soybean oil	100.0	0.0	27.2	-4.8	▶	▲	▶
	Chicken	250.0	0.0	4.2	-9.1	▶	▶	▶
	Mustard oil	120.0	0.0	-1.2	-1.6	▶	▶	▶
	Mas (black gram)	160.0	10.3	15.1	29.0	▲	▲	▲
	Musuro**	100.0	0.0	0.0	36.4	▲	▲	▲
Potato	35.0	118.8	75.0	34.6	▲	▲	▲	

▲ 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.

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	31.0	10.7	24.0	19.2	▲	▲	▲
	Wheat flour	27.0	8.0	8.0	8.0	▶	▶	▶
	Soybean oil	90.0	-5.3	0.0	-14.3	▼	▶	▶
	Chicken	200.0	0.0	0.0	0.0	▶	▶	▶
	Mustard oil	150.0	0.0	0.0	30.4	▶	▶	▲
	Mas (black gram)	145.0	31.8	15.1	31.8	▲	▲	▲
	Musuro	128.0	11.3	11.3	11.3	▲	▲	▶
Potato	15.0	0.0	0.0	-37.5	▶	▶	▼	

Hill and mountain markets with road access

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Dhankuta	Coarse rice	35.0	6.1	25.0	34.6	▲	▲	▲
	Wheat flour	34.0	3.0	0.0	17.2	▶	▶	▲
	Soybean oil	100.0	0.0	0.0	-9.1	▶	▶	▶
	Chicken	330.0	0.0	-5.7	10.0	▶	▶	▶
	Mas (black gram)	100.0	-4.8	0.0	11.1	▶	▶	▶
	Musuro	95.0	-5.9	-5.0	-13.6	▼	▶	▶
	Potato	30.0	11.1	20.0	-	▲	▲	-
Rolpa	Coarse rice	30.0	-25.0	-14.3	0.0	▼	▼	▶
	Wheat flour	40.0	-20.0	0.0	33.3	▼	▶	▲
	Soybean oil	120.0	0.0	9.1	-7.7	▶	▶	▶
	Chicken	280.0	3.7	-22.2	16.7	▶	▼	▲
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	110.0	-4.3	-8.3	-8.3	▶	▶	▶
	Potato	30.0	0.0	0.0	0.0	▶	▶	▶
Sanfebagar	Coarse rice	35.0	16.7	16.7	16.7	▲	▲	▲
	Wheat flour	34.0	6.3	6.3	-32.0	▲	▶	▼
	Soybean oil	-	-	-	-	-	-	-
	Chicken	330.0	10.0	3.1	10.0	▲	▶	▶
	Mas (black gram)	120.0	0.0	0.0	20.0	▶	▶	▲
	Musuro	100.0	-16.7	-16.7	0.0	▼	▼	▶
	Potato	40.0	33.3	33.3	14.3	▲	▲	▶
Jumla	Coarse rice**	45.0	0.0	0.0	-4.3	▶	▶	▶
	Wheat flour	60.0	0.0	0.0	20.0	▶	▶	▲
	Soybean oil	140.0	0.0	16.7	-6.7	▶	▲	▶
	Chicken	320.0	0.0	0.0	14.3	▶	▶	▶
	Mas (black gram)	110.0	0.0	0.0	10.0	▶	▶	▶
	Musuro	140.0	7.7	7.7	27.3	▲	▶	▲
	Potato**	12.0	0.0	-20.0	-60.0	▶	▼	▼

Hill and Mountain markets without road access

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Humla	Coarse rice*	40.0	2.6	5.3	25.0	▶	▶	▲
	Wheat flour	220.0	10.0	-	-15.4	▲	-	▼
	Soybean oil	280.0	-6.7	-6.7	-6.7	▼	▶	▶
	Beans	110.0	10.0	10.0	69.2	▲	▶	▲
	Musuro	-	-	-	-	-	-	-
	Potato	30.0	-14.3	-40.0	-40.0	▼	▼	▼
Dolpa	Coarse rice	90.0	0.0	0.0	12.5	▶	▶	▶
	Wheat flour	110.0	0.0	-8.3	10.0	▶	▶	▶
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶
	Beans	150.0	0.0	0.0	-14.3	▶	▶	▶
	Mas (black gram)	170.0	30.8	0.0	13.3	▲	▶	▶
	Musuro	200.0	0.0	0.0	0.0	▶	▶	▶
Bajura	Coarse rice	34.5	-31.0	-9.2	-23.3	▼	▶	▼
	Wheat flour	50.0	11.1	8.7	11.1	▲	▶	▶
	Beans (blank)	-	-	-	-	-	-	-
	Mas (black gram)	140.0	0.0	7.7	27.3	▶	▶	▲
	Musuro	140.0	0.0	7.7	27.3	▶	▶	▲
	Potato	25.0	25.0	0.0	25.0	▲	▶	▲

* This is the price of NFC subsidized rice, as there is virtually no other stock

** Prices of these items for the month of May 2010 are corrected in the database of MoAC, ABPMDD and price changes compared accordingly with respect to the prices of August 2010.

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