



Market Watch 34

October 2011†

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/Agro Enterprise Centre
 CIPF-Consumer Interest Protection Forum



HIGHLIGHTS

- **Most monitored food prices are on a downward trend in the month of October compared to September 2011 due to an improvement in supply, completion of maize harvest and beginning of paddy harvest.**
- **Continuous rise of fuel prices is a major concern because of the likely contribution of transport costs to food price increase.**
- **Supply situation across the country has improved compared to past few months due to resumption of transportation services both in the mountain and hill highways and fair-weather roads linked to major highways.**

NATIONAL MARKET DEVELOPMENT

Price

Most food prices monitored by MoAC and WFP show declining trend over the past one month. In October 2011, the national average price of coarse rice and wheat flour decreased by 6.1 percent to Rs. 34.3 and by 1.7 percent to Rs. 36.1 per kilo respectively, while that of black gram and broken lentil declined by 3.2 percent to Rs.109.2 and by 7.4 percent to Rs. 90.2 per kilo respectively. Likewise, the national average price of edible oils (mustard and soyabean) went down by 2.0 percent. However, potato price moved up by 4.9 percent to Rs. 29.9 per kilo. In comparison to July 2011, most prices show a downward trend with an exception of potato. Compared to the same period last year, prices of pulse items and coarse rice show a declining trend, while that of edible oils and wheat flour indicate an upward trend.

Price of most monitored commodities show a significant decline (coarse rice by 13.0 percent) in the mountain and hill markets with road access compared to normal decline (coarse rice by less than 5.0 percent) in the Terai and mountain markets indicating an improvement of market supply due to better road networks and good harvest. In the five large wholesale markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadi) monitored by FNCCI/AEC, most wholesale prices show normal decline from 1.0 to 5.0 percent with an exception of mustard oil which has increased by 1.1 percent in the past one month.

Fuel prices continue to rise. The government has increased diesel and kerosene prices third time within two months setting the price to Rs.76.0 from Rs. 75 per liter. The continuous fuel price rise is likely to increase transport costs that contribute to increase the rise of food prices.

The year-on-year consumer price index released by the Nepal Rastra Bank on mid-September 2011 remained at 8.5 percent, while the index of food & beverage increased by 10.1 percent. The index of cereal grains sub-group increased only by 0.6 percent compared to an increase of 16.7 percent in the same period last year. This nominal increase in cereal grain index can be attributed to a significant improvement in domestic food balance compared to the food deficit in the last year.

Supply

The overall supply situation across the country has improved due to an enhancement in transportation services, completion of maize harvest and beginning of paddy harvest. Smooth transportation services without any major bandh during the past couple of months also help to decline most food prices. According to the WFP Field Monitors, the incessant rains with hailstones in some parts of western hill and mountain districts have destroyed ripening paddy crop. The exact loss caused by hailstones needs to be monitored closely.

Outlook

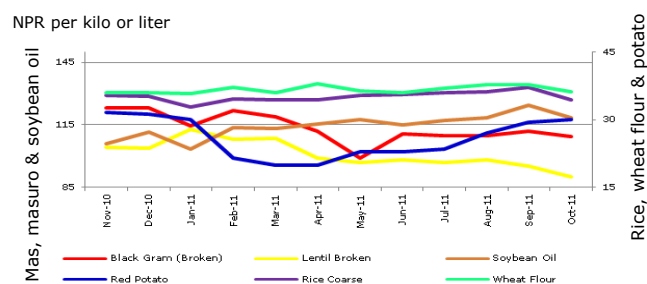
Prices of most food commodities are likely to decline in the next month because of the harvest time of summer crops. However, vegetable prices will likely increase due to reduced supplies caused by off season. Government announcement of 10.0 percent increase in transport cost may contribute to rise food prices, particularly in the food insecure regions. Recent increase of fuel prices in India will likely contribute to a further rise in fuel prices in Nepal.

Paddy harvest is ongoing, preliminary indications point to a better harvest this year compared to last year.

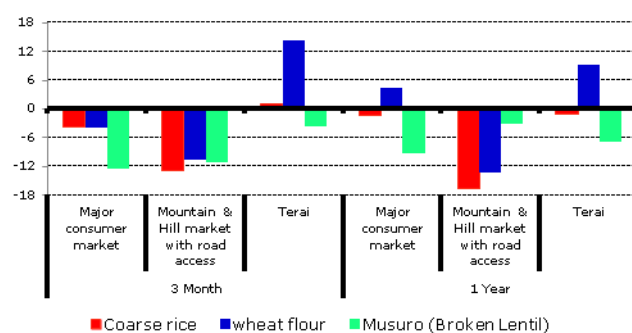
Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1 month	Observation
Broken lentil	90.2	-7.4	Well stock due to good harvest.
Coarse rice	34.3	-6.1	Improvement in supply and harvest season.

Average price over 12 month period*



Percentage change in prices** (3 month & 1 year)



† Prices relate to the Nepali month of Asoj 2068.

* 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	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	34.0	-2.9	-2.9	-2.9	▶	▶	▶
	Wheat flour	36.0	0.0	0.0	5.9	▶	▶	▶
	Soybean oil	123.0	-1.6	0.0	26.8	▶	▶	▲
	Chicken	225.0	-6.3	4.7	-11.8	▼	▶	▶
	Mustard oil	133.0	3.1	2.3	26.7	▶	▶	▲
	Mas (black gram)	105.0	0.0	0.0	-10.3	▶	▶	▶
	Musuro	90.0	-5.3	-14.3	-3.2	▼	▼	▶
	Potato	35.0	16.7	75.0	-16.7	▲	▲	▼
	Pokhara	Coarse rice	42.0	-6.7	-4.5	0.0	▼	▶
Wheat flour		35.0	0.0	-7.9	2.9	▶	▶	▶
Soybean oil		121.0	0.8	0.8	15.2	▶	▶	▶
Chicken		270.0	0.0	3.8	-3.6	▶	▶	▶
Mustard oil		150.0	3.4	7.1	3.4	▶	▶	▶
Mas (black gram)		110.0	1.9	-4.3	-15.4	▶	▶	▼
Musuro		85.0	-10.5	-10.5	-15.0	▼	▼	▶
Potato		27.8	-10.9	11.2	-7.3	▼	▲	▶
Regional Terai markets								
Biratnagar	Coarse rice	30.0	7.1	7.1	-11.8	▲	▶	▶
	Wheat flour	30.0	0.0	0.0	3.4	▶	▶	▶
	Soybean oil	125.0	2.5	5.0	38.9	▶	▶	▶
	Chicken	240.0	0.0	9.1	-1.6	▶	▶	▶
	Mustard oil	140.0	0.0	7.7	21.7	▶	▶	▶
	Mas (black gram)	100.0	-9.1	4.2	-16.7	▼	▶	▼
	Musuro	75.0	0.0	0.0	-10.7	▶	▶	▶
Birgunj	Coarse rice	36.8	5.1	2.2	-8.9	▲	▶	▶
	Wheat flour	31.0	0.0	14.8	-8.8	▶	▶	▶
	Soybean oil	130.0	0.0	11.1	18.2	▶	▶	▶
	Chicken	240.0	0.0	0.0	-7.7	▶	▶	▶
	Mustard oil	150.0	7.1	15.4	25.0	▶	▶	▶
	Mas (black gram)	92.0	-2.1	-2.1	-17.9	▶	▶	▼
	Musuro	75.0	-12.8	-3.8	-16.7	▼	▶	▼
Nepalgunj	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Dhangadhi	Coarse rice	36.0	-14.3	-5.3	16.1	▼	▶	▶
	Wheat flour	30.0	-6.3	-3.2	14.5	▼	▶	▶
	Soybean oil	100.0	-4.8	0.0	0.0	▶	▶	▶
	Chicken	250.0	4.2	4.2	0.0	▶	▶	▶
	Mustard oil	131.0	-4.4	3.1	13.5	▶	▶	▶
	Mas (black gram)	132.0	-10.8	-5.7	-17.5	▼	▶	▼
	Musuro	100.0	6.4	0.0	0.0	▶	▶	▶

- ▲ 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	-6.7	-6.7	-3.7	▼	▶	▶
	Wheat flour	36.0	33.3	33.3	-	▲	▲	-
	Soybean oil	90.0	-4.3	0.0	-	▶	▶	-
	Chicken	240.0	-7.7	-7.7	-	▼	▶	-
	Mustard oil	150.0	0.0	0.0	-	▶	▶	-
	Mas (black gram)	110.0	-9.8	-9.8	-	▼	▶	-
	Musuro	90.0	-25.0	-23.7	-	▼	▼	-
	Potato	15.0	0.0	0.0	-	▶	▶	-
	Hill and mountain markets with road access							
Dhankuta	Coarse rice	30.0	-6.3	-14.3	-14.3	▼	▶	▶
	Wheat flour	30.0	-6.3	-6.3	-11.8	▶	▶	▶
	Soybean oil	125.0	0.8	4.2	25.0	▶	▶	▶
	Chicken	300.0	0.0	30.4	-6.3	▶	▶	▶
	Mas (black gram)	110.0	3.8	-11.3	-8.3	▶	▼	▶
	Musuro	82.0	3.8	3.8	-18.0	▶	▶	▼
	Potato	30.0	-14.3	36.4	0.0	▼	▲	▶
Rolpa	Coarse rice	25.0	-34.2	-34.2	-	▼	▼	-
	Wheat flour	33.0	-21.4	-49.2	-	▼	▼	-
	Soybean oil	110.0	-15.4	-15.4	-	▼	▼	-
	Chicken	270.0	0.0	-3.6	-	▶	▶	-
	Mas (black gram)	125.0	13.6	4.2	-	▶	▶	-
	Musuro	105.0	10.5	-19.2	-	▶	▼	-
	Potato	35.0	-12.5	-12.5	-	▼	▼	-
Sanfebagar	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
	Potato	-	-	-	-	-	-	-
Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	60.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	140.0	0.0	0.0	-12.5	▶	▶	▶
	Chicken	320.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	100.0	0.0	0.0	-9.1	▶	▶	▶
	Musuro	100.0	0.0	0.0	-	▶	▶	-
	Potato	35.0	0.0	-12.5	75.0	▶	▼	▲
Bajura	Coarse rice	35.0	0.0	-12.5	75.0	▶	▼	▲
	Wheat flour	35.0	-5.4	-7.9	-	▼	▶	-
	Beans	120.0	50.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	110.0	-8.3	-4.3	-	▼	▶	-
	Musuro	100.0	-16.7	-13.0	-	▼	▼	-
Potato	25.0	0.0	0.0	-	▶	▶	-	
Hill and Mountain markets without road access								
Humla	Coarse rice*	30.0	-25.0	-25.0	-25.0	▼	▼	▼
	Wheat flour	230.0	0.0	0.0	4.5	▶	▶	▶
	Soybean oil	280.0	0.0	0.0	0.0	▶	▶	▶
	Beans	100.0	0.0	-9.1	42.9	▶	▶	▶
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
	Potato	30.0	0.0	-25.0	20.0	▶	▼	▶
Dolpa	Coarse rice	100.0	0.0	5.3	5.3	▶	▶	▶
	Wheat flour	130.0	0.0	18.2	0.0	▶	▶	▶
	Soybean oil	230.0	0.0	15.0	15.0	▶	▶	▶
	Beans	200.0	0.0	33.3	66.7	▶	▶	▶
	Mas (black gram)	170.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	200.0	0.0	0.0	0.0	▶	▶	▶
	Potato	40.0	0.0	0.0	0.0	▶	▶	▶

For the latest information relating to food security in Nepal check out the Nepal Food Security Monitoring System (NeKSAP) google site <http://www.sites.google.com/site/nefoodsec>

