



Market Watch 37

January 2012†

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's Interest Protection Forum



HIGHLIGHTS

- **Food prices have mostly remained stable even in low production areas of the hill and mountain regions, which is an indication of improved staple food supplies across the country.**
- **According to the latest report released by the Nepal Rastra Bank in mid-December 2011, the food and beverage inflation has remained relatively moderate with an increase of 7.1 percent compared to the 15.2 percent of the same time last year.**

NATIONAL MARKET DEVELOPMENT

Price

In the markets regularly monitored by MoAC and WFP, prices of most commodities show a nominal fluctuation over the past one month. National average prices of coarse rice and wheat flour climbed up by 0.1 percent to Rs. 32.8 per kilo and by 2.3 percent to Rs. 35.8 per kilo respectively. Likewise, prices of black gram and broken lentil went up by 0.3 percent to Rs.110.1 per kilo and by 4.2 percent to Rs.96.2 per kilo respectively, while the price of soyabean oil increased by 1.5 percent to Rs. 123.0 per liter. The exception was the price of red potato that dropped by 10.8 percent to Rs. 23.5 per kilo during the past one month. Compared to October 2011, prices of lean season commodities show an upward trend, while that of newly harvested crops such as coarse rice and red potato indicate a declining trend. Furthermore, in comparison to January 2011, prices indicated an increasing trend for coarse rice, wheat flour and soyabean oil, but declining trend for pulses and red potato.

Prices in various markets follow a somewhat different trend. For instance, the price of coarse rice remained same in the major consumer and the hill and mountain markets, while in Terai markets, it increased by 4.8 percent, indicating a normal increase after the sharp decline in its price in December 2011 due to bumper harvest of paddy, particularly in Terai. Most wholesale prices regularly monitored by FNCCI/AEC in the five large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi) show a trend similar to that of retail prices in the past one month.

Fuel prices continued to rise. Price of petrol increased by Rs. 8 per liter, while that of diesel and kerosene rose by Rs. 6 per liter. The rise of fuel prices is likely to increase transport costs, thereby contribute to the rise of food prices.

The year-on-year consumer price inflation released by Nepal Rastra Bank in mid-December 2011 shows a 7.5 percent increase compared to 9.6 percent in the same period last year. The index of food & beverage rose by 7.1 percent compared to an increase of 15.2 percent, while the index of cereal grains increased only by 2.1 percent compared to the 15.6 percent increase of the same period last year. The index of transport costs rose by 12.5 percent compared to 8.7 percent in the same period last year.

Supply

In spite of few localized bandhs, supply situation across the country is normal due to post harvest period of summer crops. However, the continued fuel crisis combined with the rise of its prices is likely to affect the smooth operation of transportation services, thereby food supplies, if it lasts longer. Moreover, heavy snowfall in the mountain belt in January 2012 has partially affected daily lives of the people in the belt. This needs to be monitored closely.

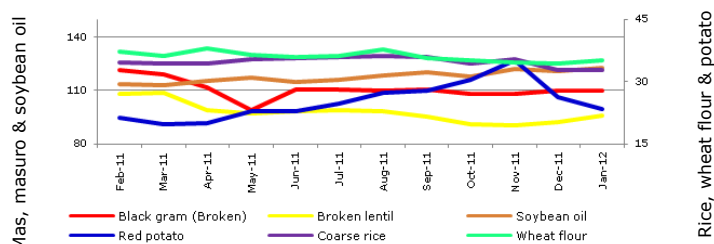
Outlook

Food prices are likely to increase in the next month due to the rise of fuel prices and high transportation costs, particularly in the food deficit area where imported foods play a vital role in determining commodity prices of local markets.

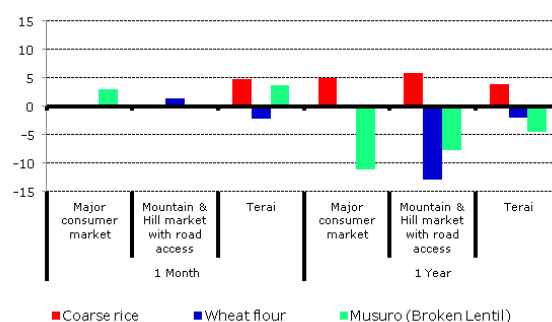
Winter crops are growing well so far due to timely winter rains (snow falls in the mountain), leading to positive outlook for national food balance.

Largest changes in prices of key commodities			
Commodity	Price Rs/kg or liter	% change 1 month	Observation
Fuel	various	6.6	Global price rise and devaluation of Nepalese rupee against US dollar.
Red potato	23.5	-10.8	Increase in supply due to harvest season.

Average price over 12 month period*



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



† Prices relate to the Nepali month of Paush 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	35.0	0.0	2.9	2.9	▶	▶	▶
	Wheat flour	35.0	0.0	-2.8	2.9	▶	▶	▶
	Soybean oil	133.0	10.8	8.1	25.5	▲	▶	▲
	Chicken	205.0	24.2	-8.9	-8.9	▲	▶	▶
	Mustard oil	137.0	3.0	3.0	21.2	▶	▶	▲
	Mas (black gram)	105.0	0.0	0.0	-14.6	▶	▶	▶
	Musuro	83.0	0.0	-7.8	-17.0	▶	▶	▼
Potato	25.0	0.0	-28.6	0.0	▶	▼	▶	
Pokhara	Coarse rice	45.0	0.0	7.1	7.1	▶	▶	▶
	Wheat flour	33.0	0.0	-5.7	-2.9	▶	▶	▶
	Soybean oil	130.0	6.6	7.4	13.0	▲	▶	▶
	Chicken	204.0	-2.9	-24.4	-21.5	▶	▼	▼
	Mustard oil	150.0	1.4	0.0	7.1	▶	▶	▶
	Mas (black gram)	108.0	-1.8	-1.8	-10.0	▶	▶	▶
	Musuro	90.0	5.9	5.9	-5.3	▲	▶	▶
	Potato	22.8	-20.8	-18.0	-24.0	▼	▼	▼
	Potato	22.8	-20.8	-18.0	-24.0	▼	▼	▼
Regional Terai markets								
Biratnagar	Coarse rice	31.3	11.9	4.4	-2.7	▲	▶	▶
	Wheat flour	29.3	-2.2	-2.2	4.7	▶	▶	▶
	Soybean oil	120.0	0.0	-4.0	9.1	▶	▶	▶
	Chicken	240.0	0.0	0.0	-17.8	▶	▶	▶
	Mustard oil	148.0	0.0	5.7	28.7	▶	▶	▲
	Mas (black gram)	98.3	-6.4	-1.7	14.3	▶	▶	▶
	Musuro	75.0	0.0	0.0	-6.3	▶	▶	▶
Potato	14.0	-26.3	-48.7	-10.3	▼	▼	▶	
Biratnagar	Coarse rice	27.0	12.5	-26.6	-12.9	▲	▶	▶
	Wheat flour	29.0	-9.4	-6.5	-19.4	▶	▶	▶
	Soybean oil	132.0	1.5	1.5	20.0	▶	▶	▶
	Chicken	220.0	-8.3	-8.3	10.0	▶	▶	▶
	Mustard oil	140.0	3.7	-6.7	12.0	▶	▶	▶
	Mas (black gram)	92.0	0.0	0.0	-17.9	▶	▶	▶
	Musuro	74.0	5.7	-1.3	-7.5	▶	▶	▶
Potato	15.0	-31.8	-38.5	-16.7	▼	▼	▶	
Nepalgunj	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Potato	-	-	-	-	-	-	-	
Dhangadhi	Coarse rice	35.6	-1.1	-1.1	10.9	▶	▶	▶
	Wheat flour	32.0	3.2	6.7	6.7	▶	▶	▶
	Soybean oil	128.8	22.7	28.8	28.8	▲	▶	▶
	Chicken	250.0	0.0	0.0	11.1	▶	▶	▶
	Mustard oil	140.0	0.0	6.9	7.7	▶	▶	▶
	Mas (black gram)	140.0	0.0	6.1	3.7	▶	▶	▶
	Musuro	120.0	9.1	20.0	20.0	▶	▶	▶
Potato	20.0	0.0	-50.0	11.1	▶	▼	▶	

▲ 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	24.0	-4.0	-14.3	20.0	▶	▼	▶
	Wheat flour	25.0	0.0	-30.6	0.0	▶	▼	▶
	Soybean oil	90.0	0.0	0.0	0.0	▶	▶	▶
	Chicken	180.0	0.0	-25.0	-18.2	▶	▼	▶
	Mustard oil	150.0	0.0	0.0	-6.3	▶	▶	▶
	Mas (black gram)	95.0	0.0	-13.6	-34.5	▶	▼	▶
	Musuro	95.0	0.0	5.6	-24.0	▶	▶	▶
	Potato	18.0	12.5	20.0	80.0	▶	▶	▶
Hill and mountain markets with road access								
Dhankuta	Coarse rice	30.0	0.0	0.0	-9.1	▶	▶	▶
	Wheat flour	37.0	2.8	23.3	2.8	▶	▶	▶
	Soybean oil	135.0	3.8	8.0	22.7	▶	▶	▶
	Chicken	240.0	0.0	-20.0	-25.0	▶	▼	▶
	Mas (black gram)	120.0	0.0	9.1	0.0	▶	▶	▶
	Musuro	85.0	0.0	3.7	0.0	▶	▶	▶
	Potato	25.0	0.0	-16.7	0.0	▶	▶	▶
Rolpa	Coarse rice	33.0	0.0	32.0	10.0	▶	▶	▶
	Wheat flour	35.0	0.0	6.1	-30.0	▶	▶	▶
	Soybean oil	115.0	0.0	4.5	-11.5	▶	▶	▶
	Chicken	280.0	0.0	3.7	3.7	▶	▶	▶
	Mas (black gram)	120.0	0.0	-4.0	0.0	▶	▶	▶
	Musuro	120.0	0.0	14.3	-7.7	▶	▶	▶
Potato	35.0	0.0	0.0	16.7	▶	▶	▶	
Sambabagar	Coarse rice	35.0	0.0	-7.9	16.7	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	-2.8	▶	▶	▶
	Chicken	280.0	0.0	0.0	0.0	▶	▶	▶
	Mustard oil	150.0	0.0	7.1	15.4	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶
Potato	35.0	0.0	-12.5	16.7	▶	▶	▶	
Jumla	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Potato	-	-	-	-	-	-	-	
Bajura	Coarse rice	30.0	0.0	-14.3	-21.1	▶	▶	▶
	Wheat flour	36.0	2.9	-10.0	-21.7	▶	▶	▶
	Beans	120.0	20.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	100.0	0.0	-9.1	-23.1	▶	▶	▶
	Musuro	100.0	0.0	0.0	-23.1	▶	▶	▶
	Potato	25.0	-16.7	0.0	0.0	▶	▶	▶
Hill and Mountain markets without road access								
Humta	Coarse rice*	40.0	0.0	33.3	0.0	▶	▶	▶
	Wheat flour	240.0	0.0	-	71.4	▶	▶	▶
	Soybean oil	280.0	0.0	0.0	0.0	▶	▶	▶
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Potato	30.0	0.0	0.0	0.0	▶	▶	▶	
Dolpa	Coarse rice	90.0	-5.3	-10.0	-5.3	▶	▶	▶
	Wheat flour	130.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	200.0	0.0	-13.0	0.0	▶	▶	▶
	Beans	200.0	0.0	0.0	33.3	▶	▶	▶
	Mas (black gram)	200.0	17.6	17.6	17.6	▶	▶	▶
	Musuro	200.0	0.0	0.0	0.0	▶	▶	▶
Potato	40.0	0.0	0.0	33.3	▶	▶	▶	

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>

