



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



Market Watch 39

March 2012†

HIGHLIGHTS

- **Most food prices monitored in various markets show a marginal fluctuation over the past one month which is an indication of improved food supply across the country.**
- **According to the latest macroeconomic situation report released by the Nepal Rastra Bank, the price index of food and beverage increased only by 4.1 percent in mid-February 2012 compared to 16.6 percent increase in the same period last year.**

NATIONAL MARKET DEVELOPMENT

Price

Prices of food commodities regularly monitored by MoAC and WFP across the country show a marginal fluctuation over the past one month. The average price of coarse rice declined by 2.0 percent to Rs. 32.8 per kilo, while that of wheat flour marginally increased by 0.9 percent to Rs. 35.2 per kilo. Average prices of black gram and broken lentil went down by 1.8 percent to Rs. 107.9 and 1.9 percent to Rs. 92.3 per kilo respectively. Price of red potato also decreased by 1.3 percent to Rs. 23.2 per kilo. Compared to December 2011, most prices indicate a downward trend with an exception of wheat flour. Likewise, compared to the same period last year, most prices also show downward trend with few exceptions of soyabean oil and red potato.

Prices in regional markets show a trend different than the national average. For example, the average price of coarse rice declined by 5.6 percent in the major consumer markets, while in Terai markets, it remained same over the past one month. However, compared to March 2011, most prices in regional markets follow a trend similar to that seen in the national trend. Wholesale prices regularly monitored by FNCCI/AEC in the five large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi) show a nominal decline with an exception of edible oils over the past one month.

Nepal Oil Corporation (NOC) has hiked fuel prices again by Rs. 4.0 per liter each. The revised price of petrol costs Rs. 120 per liter, while that of diesel and kerosene costs Rs. 89.0 per liter. The continuous rise of fuel prices is a major concern for the country in general and the food insecure districts in particular due to its likely contribution in the rise of transport cost, thereby raising prices of goods.

Recent macroeconomic situation report released by Nepal Rastra Bank (first seven months of the FY 2011/12) has shown inflation rate relatively stable. The year-on-year inflation remained at 7.0 percent in mid-February 2012 compared to 10.2 percent in the same period last year. The index of food & beverage group increased by 4.1 percent compared to 16.6 percent increase, while the index of cereal grains sub-group which had increased by 12.2 percent in the last year, decreased by 1.1 percent. However, the price index of transport increased by 18.5 percent compared to 9.2 percent increase in the last year.

Supply

Despite few localized bandhs (one-day bandh in each Far-Western region and Mechi-Koshi zone each) in March 2012, supply situation across the country is normal due to less effect of bandhs on public transport. As a result of smooth operation of public transport, many traders in the hill and mountain markets have enhanced food stock. It is also anticipated to increase household food stock in the next few months as winter crops finish up and approach harvest.

Outlook

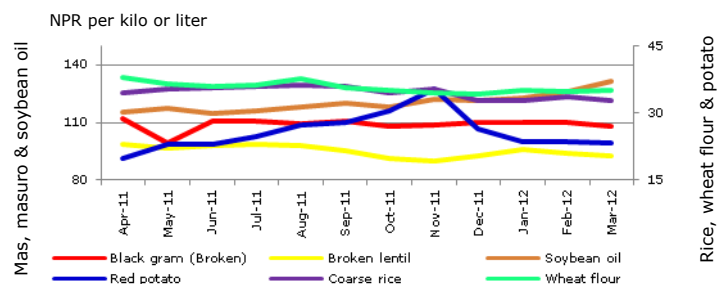
As fuel prices went up again, transport costs will likely be more expensive, contributing further price increase of food commodities. However, prices of winter crops such as wheat will likely remain stable at least for the next couple of months because of harvesting period which usually begins from April.

Outlook of winter crops which are near to finish up is so far normal across the country, expecting to have normal harvest.

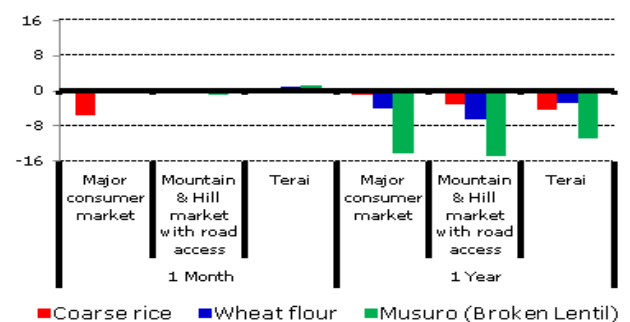
Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1 month	Observation
Fuel	4.0	3.4 to 4.7	Price rise in global markets. To curtail continuous loss of NOC.

Average price over 12 month period*



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



† Prices relate to the Nepali month of Fagun 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	0.0	2.9	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	133.0	0.0	10.8	17.7	▶	▲	▲
	Chicken	225.0	18.4	36.4	-8.2	▲	▲	▶
	Mustard oil	137.0	0.0	3.0	7.9	▶	▶	▶
	Mas (black gram)	105.0	0.0	0.0	-16.0	▶	▶	▼
	Musuro	83.0	0.0	0.0	-21.0	▶	▶	▼
Potato	22.0	-8.3	-12.0	-4.3	▼	▼	▶	
Pokhara	Coarse rice	40.0	-11.1	-11.1	-4.8	▼	▼	▶
	Wheat flour	33.0	0.0	0.0	-8.3	▶	▶	▶
	Soybean oil	125.0	0.0	2.5	8.7	▶	▶	▶
	Chicken	290.0	38.1	38.1	-6.5	▶	▶	▶
	Mustard oil	150.0	0.0	1.4	7.1	▶	▶	▶
	Mas (black gram)	108.0	2.9	-1.8	-1.8	▶	▶	▶
	Musuro	85.0	0.0	0.0	-7.6	▶	▶	▶
Potato	23.0	-8.0	-20.1	19.8	▼	▼	▲	
Regional Terai markets								
Biratnagar	Coarse rice	27.7	-9.8	-1.2	-10.8	▼	▶	▶
	Wheat flour	28.3	-1.2	-5.6	-2.3	▶	▶	▶
	Soybean oil	133.3	11.1	11.1	27.0	▲	▲	▲
	Chicken	240.0	33.3	0.0	-20.0	▶	▶	▼
	Mustard oil	148.3	6.0	0.2	18.7	▶	▶	▶
	Mas (black gram)	90.0	-18.2	-14.3	-17.4	▼	▼	▼
	Musuro	70.0	-2.3	-6.7	-12.5	▶	▶	▶
Potato	13.7	5.2	-28.1	13.9	▶	▼	▶	
Birgunj	Coarse rice	31.0	6.9	29.2	-6.1	▶	▶	▶
	Wheat flour	31.0	3.3	-3.1	-8.8	▶	▶	▶
	Soybean oil	135.0	0.7	3.8	17.4	▶	▶	▶
	Chicken	220.0	0.0	-8.3	0.0	▶	▶	▶
	Mustard oil	145.0	0.0	7.4	11.5	▶	▶	▶
	Mas (black gram)	100.0	0.0	8.7	0.0	▶	▶	▶
	Musuro	75.0	0.0	7.1	-12.8	▶	▶	▶
Potato	14.0	0.0	-36.4	0.0	▶	▼	▶	
Nepalgunj	Coarse rice	28.0	0.0	12.0	-1.2	▶	▶	▶
	Wheat flour	32.0	0.0	28.0	-1.0	▶	▶	▶
	Soybean oil	133.3	0.0	2.6	45.4	▶	▶	▶
	Chicken	280.0	0.0	12.0	20.0	▶	▶	▶
	Mustard oil	155.0	0.0	-3.1	31.0	▶	▶	▶
	Mas (black gram)	81.7	0.0	0.0	-5.8	▶	▶	▶
	Musuro	70.0	0.0	0.0	-22.2	▶	▶	▼
Potato	21.7	44.5	8.4	25.0	▶	▶	▶	
Dhangadhi	Coarse rice	37.5	3.0	4.2	7.1	▶	▶	▶
	Wheat flour	33.0	3.1	6.5	10.0	▶	▶	▶
	Soybean oil	120.0	0.0	14.3	20.0	▶	▶	▶
	Chicken	230.0	64.3	-8.0	-11.5	▶	▶	▶
	Mustard oil	148.0	2.8	5.7	7.2	▶	▶	▶
	Mas (black gram)	144.0	5.1	2.9	20.0	▶	▶	▶
	Musuro	125.0	8.7	13.6	13.6	▶	▶	▶
Potato	20.0	33.3	0.0	33.3	▶	▶	▶	

▲ 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	0.0	0.0	-10.7	▶	▶	▶
	Wheat flour	22.0	0.0	-8.3	-12.0	▶	▶	▶
	Soybean oil	90.0	0.0	0.0	-5.3	▶	▶	▶
	Chicken	220.0	0.0	22.2	-15.4	▶	▶	▶
	Mustard oil	150.0	0.0	0.0	-3.2	▶	▶	▶
	Mas (black gram)	105.0	0.0	10.5	-26.1	▶	▶	▶
	Musuro	104.0	0.0	9.5	-20.0	▶	▶	▶
	Potato	14.0	0.0	-12.5	-6.7	▶	▶	▶
Hill and mountain markets with road access								
Dhankuta	Coarse rice	27.0	-3.6	-10.0	-15.6	▶	▶	▶
	Wheat flour	36.0	0.0	0.0	5.9	▶	▶	▶
	Soybean oil	135.0	0.0	3.8	12.5	▶	▶	▶
	Chicken	240.0	0.0	0.0	-30.4	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	80.0	0.0	-5.9	-11.1	▶	▶	▶
	Potato	25.0	0.0	0.0	25.0	▶	▶	▶
Rolpa	Coarse rice	33.0	3.1	0.0	-5.7	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	-36.4	▶	▶	▶
	Soybean oil	140.0	0.0	21.7	7.7	▶	▶	▶
	Chicken	270.0	0.0	-3.6	0.0	▶	▶	▶
	Mas (black gram)	95.0	-13.6	-20.8	-20.8	▶	▶	▶
	Musuro	95.0	-5.0	-20.8	-26.9	▶	▶	▶
Potato	25.0	-28.6	-28.6	-16.7	▶	▶	▶	
Sambabagar	Coarse rice	35.0	0.0	0.0	9.4	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	0.0	▶	▶	▶
	Chicken	280.0	0.0	0.0	0.0	▶	▶	▶
	Mustard oil	160.0	-5.9	6.7	23.1	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	-4.0	▶	▶	▶
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶
Potato	30.0	-14.3	-14.3	0.0	▶	▶	▶	
Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	60.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	170.0	0.0	21.4	6.3	▶	▶	▶
	Chicken	320.0	0.0	0.0	6.7	▶	▶	▶
	Mas (black gram)	100.0	0.0	0.0	-28.6	▶	▶	▶
	Musuro	100.0	0.0	0.0	-28.6	▶	▶	▶
Potato	40.0	0.0	14.3	166.7	▶	▶	▶	
Bajura	Coarse rice	31.0	-3.1	3.3	-11.4	▶	▶	▶
	Wheat flour	42.0	20.0	20.0	16.7	▶	▶	▶
	Beans	100.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	100.0	-9.1	0.0	-16.7	▶	▶	▶
	Musuro	100.0	-9.1	0.0	-16.7	▶	▶	▶
Potato	30.0	0.0	0.0	20.0	▶	▶	▶	
Hill and Mountain markets without road access								
Humla	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	240.0	0.0	0.0	84.6	▶	▶	▶
	Soybean oil	280.0	0.0	0.0	0.0	▶	▶	▶
	Beans	100.0	0.0	0.0	-16.7	▶	▶	▶
	Mas (black gram)	-	-	-	-	▶	▶	▶
	Musuro	-	-	-	-	▶	▶	▶
	Potato	30.0	0.0	0.0	0.0	▶	▶	▶
Dolpa	Coarse rice	90.0	0.0	-5.3	-5.3	▶	▶	▶
	Wheat flour	130.0	0.0	0.0	18.2	▶	▶	▶
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶
	Beans	200.0	0.0	0.0	33.3	▶	▶	▶
	Mas (black gram)	200.0	0.0	17.6	17.6	▶	▶	▶
	Musuro	130.0	-35.0	-35.0	-35.0	▶	▶	▶
Potato	40.0	0.0	0.0	14.3	▶	▶	▶	

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>

