



Market Watch 42

June 2012†

Jointly produced by:

WFP-World Food Programme, Nepal
 MoAD- 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

- **Most food prices monitored in various markets have shown relatively stable over the past one month due to improved supply conditions as compared to May 2012.**
- **As per the latest macroeconomic situation report released by Nepal Rastra Bank, the price index of food and beverage increased by 7.1 percent as compared to 16.0 percent in the same period last year.**
- **Supply situation across the country is so far normal. Traders in the hill and mountain markets have begun to stockpile food commodities as a preparation for likely disruption of food supplies in the monsoon.**

NATIONAL MARKET DEVELOPMENT

Price

In the retail markets regularly monitored by MoAD and WFP, most prices showed slightly an upward trend over the past one month. The national average price of coarse rice increased by 1.9 percent to Rs. 34.2 per kilo, while the price of wheat flour slightly declined by 0.4 percent to Rs. 35.9 per kilo. Prices of pulses such as black gram and broken lentil went up by 0.1 percent and by 3.5 percent to Rs.109.2 and Rs. 94.6 per kilo respectively. Likewise, prices of soybean oil and red potato climbed up by 1.4 percent and 1.7 percent to Rs. 144.5 per liter and Rs. 34.8 per kilo respectively. Prices compared to March 2012 showed an upward trend, while compared to June 2011, most prices indicated a declining trend with few exceptions of red potato and soybean oil.

Prices in the regional markets also showed the trend similar that of the national trend. The price of coarse rice indicated an upward trend, while that of wheat flour showed a declining trend in all markets. However, compared to June 2011, most prices showed mixed trend. Wholesale prices regularly monitored by FNCCI/AEC in the five large markets (Birtamode, Kathmandu, Butwal, Surkhet and Dhangadhi) indicated an upward trend of coarse rice and black gram while that of edible oils such as soybean oil and mustard oil showed a declining trend over the past one month.

Nepal Oil Cooperation (NOC) has again increased the price of diesel and kerosene oil by Rs.4.0 to Rs.93.0 per liter. Such a continuous increase in fuel prices is a major concern for food security due to its likely contribution to the rise of transport costs, thereby raising food prices.

The latest macroeconomic situation report released by Nepal Rastra Bank showed the year-on-year inflation at 8.7 percent in mid-May 2012 as compared to 9.5 percent over the same period last year. The price index of food & beverage increased by 7.1 compared to 16.0 percent, while the price index of cereal grains increased only by 1.9 percent as compared to 13.5 percent. However, the price index of transport increased by 18.0 percent compared to 10.1 percent increase over the same period last year.

Supply

Supply situation across the country is so far reported to be normal. According to WFP Field Monitors, food stocks mainly in the hill and mountain markets have increased due to smooth operation of transport services after lifting a series of bandhs from May 29, 2012. As the monsoon has already started in the country, food supplies are likely to disrupt in the markets mainly connected only with fair weather road networks. This needs to be monitored closely in the next couple of months.

Outlook

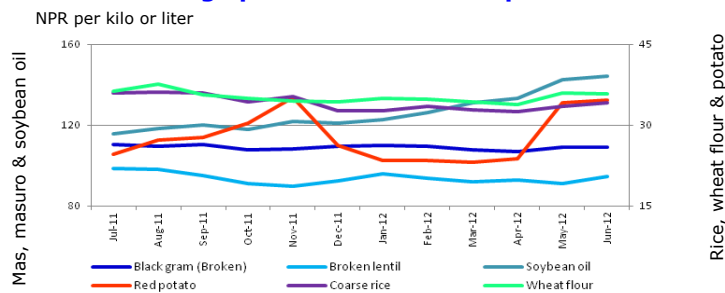
Prices of most commodities are likely to increase in the future due to an increase in diesel price which will likely contribute to increase transport costs and then further contribute to the rise of food prices mainly in the hill and mountain markets. However, price of winter crops such as wheat flour will likely remain stable in the next month.

A week-delay in monsoon rain than its normal date combined with insufficient rainfall has affected timely plantation of paddy across the country and the growing maize mainly in the hilly belt, indicating negative outlook for the summer crop production compared to last year.

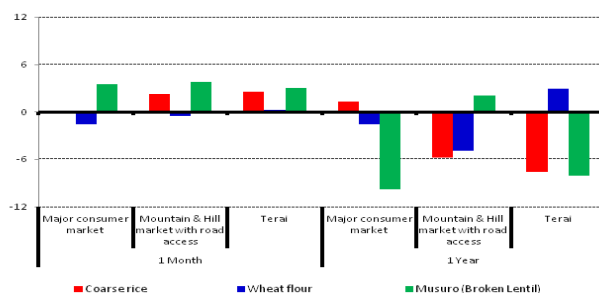
Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1month	Observation
Diesel	93.0	4.5	Appreciation of US\$ against Nepalese rupees.
Vegetables (cauliflower, tomato and cabbage)	various	10 to 22	Decline in supply due to lean season.

Average price over 12 month period*



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



† Prices relate to the Nepali month of Jestha 2069.
 * 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	36.0	0.0	2.9	2.9	▶	▶	▶	
	Wheat flour	35.0	-2.8	0.0	-2.8	▶	▶	▶	
	Soybean oil	135.0	1.5	1.5	39.2	▶	▶	▲	
	Chicken	245.0	-2.0	8.9	18.4	▶	▶	▲	
	Mustard oil	143.0	2.9	4.4	33.6	▶	▶	▲	
	Mas (black gram)	105.0	0.0	0.0	-7.1	▶	▶	▶	
	Musuro	83.0	0.0	0.0	-17.0	▶	▶	▼	
	Potato	31.0	-3.1	40.9	63.2	▶	▲	▲	
	Pokhara	Coarse rice	42.0	0.0	5.0	0.0	▶	▶	▶
Wheat flour		35.0	0.0	6.1	-7.9	▶	▶	▶	
Soybean oil		144.0	2.9	15.2	20.0	▶	▲	▲	
Chicken		270.0	-12.9	-6.9	3.8	▼	▶	▶	
Mustard oil		160.0	0.0	6.7	14.3	▶	▶	▶	
Mas (black gram)		115.0	2.7	6.5	0.0	▶	▶	▶	
Musuro		93.0	6.9	9.4	-2.1	▲	▶	▶	
Potato		30.0	-6.3	30.4	42.9	▼	▲	▲	
Regional Terai markets									
Biratnagar	Coarse rice	31.2	0.6	12.8	0.6	▶	▲	▶	
	Wheat flour	30.0	0.0	5.9	0.0	▶	▶	▶	
	Soybean oil	143.3	1.2	7.5	36.5	▶	▶	▲	
	Chicken	380.0	0.0	58.3	43.4	▶	▲	▲	
	Mustard oil	175.0	7.1	18.0	34.6	▲	▲	▲	
	Mas (black gram)	90.0	-6.9	0.0	0.0	▼	▶	▶	
	Musuro	71.7	4.9	2.4	-4.4	▶	▶	▶	
Birgunj	Coarse rice	35.0	9.4	12.9	0.0	▲	▲	▶	
	Wheat flour	27.0	-3.6	-12.9	3.8	▶	▼	▶	
	Soybean oil	150.0	1.4	11.1	27.1	▶	▲	▲	
	Chicken	260.0	0.0	18.2	8.3	▶	▲	▶	
	Mustard oil	160.0	0.0	10.3	23.1	▶	▲	▲	
	Mas (black gram)	94.0	0.0	-6.0	4.4	▶	▶	▶	
	Musuro	78.0	5.4	4.0	-2.5	▲	▶	▶	
Nepalgunj	Coarse rice	26.0	-7.1	-7.1	-10.3	▼	▶	▶	
	Wheat flour	29.3	-8.3	-8.3	18.9	▼	▶	▲	
	Soybean oil	170.0	21.4	27.5	47.8	▲	▲	▲	
	Chicken	280.0	0.0	0.0	12.0	▶	▶	▶	
	Mustard oil	180.0	0.0	16.1	33.3	▶	▶	▲	
	Mas (black gram)	81.7	0.0	0.0	-3.9	▶	▶	▶	
	Musuro	80.0	6.7	14.3	6.7	▲	▲	▶	
Dhangadhi	Coarse rice	27.0	8.0	-28.0	-28.9	▶	▼	▼	
	Wheat flour	27.0	3.8	-18.2	-10.0	▶	▼	▶	
	Soybean oil	124.0	3.3	3.3	24.0	▶	▶	▲	
	Chicken	250.0	0.0	8.7	25.0	▶	▶	▲	
	Mustard oil	168.0	16.7	13.5	25.4	▲	▲	▲	
	Mas (black gram)	130.0	8.3	-9.7	-3.0	▶	▶	▶	
	Musuro	80.0	0.0	-36.0	-20.0	▶	▼	▼	
Bhairahawa	Coarse rice	-	-	-	-	-	-	-	
	Wheat flour	-	-	-	-	-	-	-	
	Soybean oil	-	-	-	-	-	-	-	
	Chicken	-	-	-	-	-	-	-	
	Mustard oil	-	-	-	-	-	-	-	
	Mas (black gram)	-	-	-	-	-	-	-	
	Musuro	-	-	-	-	-	-	-	
Hill and mountain markets with road access	Dhankuta	Coarse rice	31.0	3.3	14.8	-11.4	▶	▲	▶
		Wheat flour	36.0	-2.7	0.0	12.5	▶	▶	▶
		Soybean oil	145.0	0.0	7.4	20.8	▶	▶	▲
		Chicken	280.0	0.0	16.7	21.7	▶	▲	▲
		Mas (black gram)	120.0	0.0	0.0	-3.2	▶	▶	▶
		Musuro	105.0	31.3	31.3	32.9	▲	▲	▲
		Potato	35.0	0.0	40.0	59.1	▶	▲	▲
Rolpa	Coarse rice	33.0	0.0	0.0	-13.2	▶	▶	▶	
	Wheat flour	40.0	0.0	14.3	-38.5	▶	▲	▼	
	Soybean oil	150.0	3.4	7.1	15.4	▶	▶	▲	
	Chicken	280.0	0.0	3.7	0.0	▶	▶	▶	
	Mas (black gram)	130.0	8.3	36.8	8.3	▲	▲	▶	
	Musuro	130.0	23.8	36.8	0.0	▲	▲	▶	
	Potato	30.0	7.1	20.0	-25.0	▲	▲	▼	
Sanjibpur	Coarse rice	35.0	0.0	0.0	0.0	▶	▶	▶	
	Wheat flour	40.0	0.0	14.3	14.3	▶	▲	▶	
	Chicken	180.0	0.0	12.5	28.6	▶	▲	▲	
	Mustard oil	350.0	25.0	25.0	40.0	▲	▲	▲	
	Mas (black gram)	130.0	0.0	8.3	8.3	▶	▶	▶	
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶	
	Potato	50.0	0.0	66.7	66.7	▶	▲	▲	
Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶	
	Wheat flour	-	-	-	-	-	-	-	
	Soybean oil	170.0	0.0	0.0	21.4	▶	▶	▲	
	Chicken	-	-	-	-	-	-	-	
	Mas (black gram)	100.0	0.0	0.0	0.0	▶	▶	▶	
	Musuro	100.0	0.0	0.0	0.0	▶	▶	▶	
	Potato	60.0	0.0	50.0	100.0	▶	▲	▲	
Bajura	Coarse rice	35.0	2.9	12.9	-5.4	▶	▲	▶	
	Wheat flour	36.0	0.0	12.5	0.0	▶	▲	▶	
	Beans	100.0	0.0	0.0	-9.1	▶	▶	▶	
	Mas (black gram)	110.0	-8.3	10.0	4.8	▼	▶	▶	
	Musuro	100.0	-16.7	0.0	-4.8	▼	▶	▶	
	Potato - red	25.0	-37.5	-16.7	0.0	▼	▼	▶	
	Mountain markets without road access	Humla	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶
Wheat flour			220.0	-8.3	-8.3	-4.3	▶	▼	▶
Soybean oil			280.0	0.0	0.0	16.7	▶	▶	▲
Beans			100.0	0.0	0.0	0.0	▶	▶	▶
Mas (black gram)			-	-	-	-	-	-	-
Musuro			-	-	-	-	-	-	-
Potato			40.0	33.3	33.3	33.3	▲	▲	▲
Dolpa	Coarse rice	90.0	0.0	0.0	-5.3	▶	▶	▶	
	Wheat flour	130.0	0.0	0.0	18.2	▶	▶	▲	
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶	
	Beans	-	-	-	-	-	-	-	
	Mas (black gram)	200.0	0.0	0.0	17.6	▶	▶	▲	
	Musuro	-	-	-	-	-	-	-	
	Potato	50.0	42.9	25.0	25.0	▲	▲	▲	

▲ 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.

