



Market Watch 43

July 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

- **In July 2012, national average price of most monitored food commodities remained relatively stable. However, market linked only with fair weather roads like Bajura have shown higher percentage of price increase compared to other markets.**
- **The latest macroeconomic situation report released by Nepal Rastra Bank in June 2012 showed a 9.9 percent increase in the price index of food & beverage compared to 14.3 percent over the same period last year.**
- **In recent weeks, many regional highways such as Mechi, Rapti and Karnali that link hill and mountain areas from Terai have been partially obstructed by landslides caused by monsoon rains. This will likely disrupt food supply in these regions.**

NATIONAL MARKET DEVELOPMENT

Price

Most retail prices regularly monitored by MoAD and WFP in various markets remained relatively stable over the past one month. The average price of coarse rice went up by 2.9 percent to Rs. 34.3 per kilo, while that of wheat flour remained same at Rs. 35.8 per kilo. Prices of soybean oil and potato increased by 2.9 percent to Rs. 143.7 per liter and by 2.7 percent to Rs.34.6 per kilo. However, prices of black gram and broken lentil marginally went down by 0.4 percent to Rs. 107.5 and Rs. 94.0 per kilo respectively. Most prices showed an upward trend as compared to April 2012, while compared to July 2011, most prices indicated a declining trend with few exceptions of edible oils and red potato.

In the regional markets, the price of coarse rice showed an increasing trend in all markets. The price of wheat flour indicated a declining trend in the major consumer and in the hill and mountain markets without road access, while in the Terai markets, it showed an upward trend. Wholesale prices in the five large markets (Birtamode, Kathmandu, Butwal, Surkhet and Dhangadhi) regularly monitored by FNCCI/AEC indicated an upward trend over the past one month.

Price fluctuations are found to be high in the Kathmandu valley compared to Terai and the hill and mountain markets, especially vegetable prices as compared to last monsoon. In Kalimati Fruit and Vegetable Markets, wholesale prices of tomato, spinach, bitter gourd and dry onion increased by more than 12 percent, while that of cabbage and okra declined by more than 15 percent over the past one month.

As per the latest macroeconomic situation report released by Nepal Rastra Bank, the year-on-year inflation increased by 9.9 percent in June 2012 compared to 8.8 percent over the same period last year, while the price index of food & beverage increased by the same percentage as inflation (9.9) compared to 14.3 percent over the same period last year. The price index of transport increased by 17.0 percent compared to 11.0 percent over the same period last year.

Supply

Many supply roads leading into hill and mountain markets (e.g., Salyan to Rukum and Jhapa to Taplejung) have been partially hindered by landslides caused by monsoon rains. Likewise, the Karnali highway and roads leading into hill and mountain districts of the Far-Western region are also frequently impaired by an increase in river water levels in the temporary bridges such as causeway due to monsoon rains, resulting to increase transport costs and time for delivery of food commodities. This situation will likely affect food supply in these regions, thereby contributing to rise food prices. This needs to be monitored closely.

Outlook

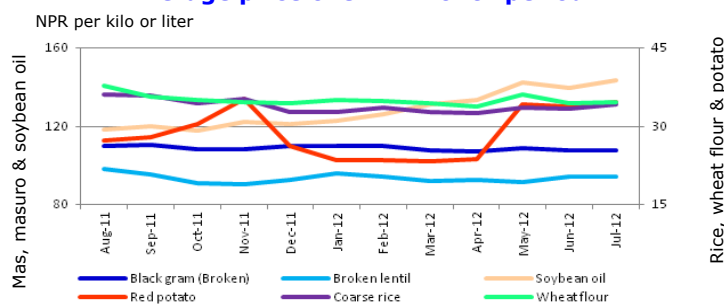
As a result of fuel price hike, the government has increased the fares of public transports in which the fare of trucks has increased by 4.45 percent in Terai route and by 4.50 percent in the hilly route, which will likely contribute to the rise of food prices mainly in the hill and mountain regions due to increase in transport cost of food commodities.

Weather conditions do not seem so far favourable this year for summer crops. Late and insufficient monsoon rains have affected the paddy transplantation and growth of maize across the country, thus indicating an unfavourable outlook for the summer crop production as compared to last year.

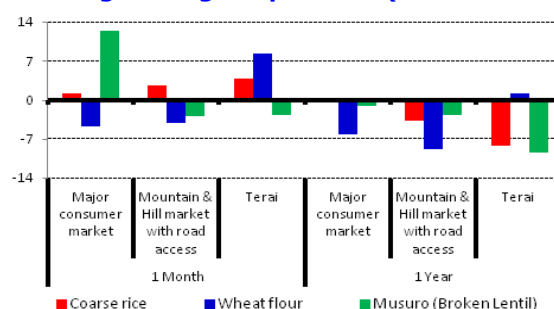
Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1month	Observation
Mustard oil	179.5	6.8	decline in supply due to lean season.
Vegetables (tomato, dry onion and spinach)	various	12 to 30	Decline in supply due to lean season and perishable in nature.

Average price over 12 month period*



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



† Prices relate to the Nepali month of Ashad 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	37.0	2.8	5.7	5.7	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	-2.8	▶	▶	▶
	Soybean oil	143.0	5.9	7.5	16.3	▲	▶	▲
	Chicken	245.0	0.0	2.1	14.0	▶	▶	▶
	Mustard oil	177.0	23.8	31.1	36.2	▲	▲	▲
	Mas (black gram)	110.0	4.8	4.8	4.8	▶	▶	▶
	Musuro	103.0	24.1	24.1	-1.9	▲	▲	▶
	Potato	35.0	12.9	59.1	75.0	▲	▲	▲
	Pokhara	Coarse rice	42.0	0.0	-4.5	-4.5	▶	▶
Wheat flour		34.0	-2.9	3.0	-10.5	▶	▶	▶
Soybean oil		156.0	8.3	18.2	30.0	▲	▲	▲
Chicken		300.0	11.1	-3.2	15.4	▲	▶	▲
Mustard oil		166.0	3.8	7.1	18.6	▶	▶	▲
Mas (black gram)		115.0	0.0	9.5	0.0	▶	▶	▶
Musuro		95.0	2.2	10.5	0.0	▶	▶	▶
Potato		42.0	40.0	76.5	68.0	▲	▲	▲
Regional Terai markets								
Biratnagar	Coarse rice	30.7	-1.7	9.5	9.5	▶	▶	▶
	Wheat flour	27.0	-10.0	-5.8	-10.0	▼	▶	▶
	Soybean oil	141.7	-1.2	1.2	19.1	▶	▶	▲
	Chicken	250.0	-34.2	0.0	13.6	▼	▶	▶
	Mustard oil	175.0	0.0	20.7	34.6	▶	▲	▲
	Mas (black gram)	90.0	0.0	3.8	-6.3	▶	▶	▶
	Musuro	77.7	8.4	5.9	3.6	▲	▶	▶
Birgunj	Coarse rice	34.0	-2.9	6.3	-5.6	▶	▶	▶
	Wheat flour	28.0	3.7	-17.6	3.7	▶	▼	▶
	Soybean oil	150.0	0.0	8.7	28.2	▶	▶	▲
	Chicken	260.0	0.0	8.3	8.3	▶	▶	▶
	Mustard oil	180.0	12.5	16.1	38.5	▲	▲	▲
	Mas (black gram)	92.0	-2.1	-7.1	-2.1	▶	▶	▶
	Musuro	92.0	17.9	22.7	17.9	▲	▲	▲
Nepalgunj	Coarse rice	28.0	7.7	0.0	-6.7	▲	▶	▶
	Wheat flour	28.0	-4.5	-12.5	16.7	▶	▼	▲
	Soybean oil	140.0	-17.6	5.0	21.7	▼	▶	▲
	Chicken	280.0	0.0	0.0	12.0	▶	▶	▶
	Mustard oil	180.0	0.0	6.9	33.3	▶	▶	▲
	Mas (black gram)	81.7	0.0	8.9	-6.1	▶	▶	▶
	Musuro	75.0	-6.3	0.0	7.1	▼	▶	▶
Dhangadhi	Coarse rice	28.0	3.7	12.0	-26.3	▶	▲	▼
	Wheat flour	27.0	0.0	22.7	-12.9	▶	▲	▶
	Soybean oil	120.0	-3.2	33.3	20.0	▶	▶	▲
	Chicken	250.0	0.0	13.6	4.2	▶	▲	▶
	Mustard oil	170.0	1.2	13.3	33.9	▶	▲	▲
	Mas (black gram)	125.0	-3.8	19.0	-10.7	▶	▲	▶
	Musuro	80.0	0.0	-23.1	-20.0	▶	▼	▼
Bhairahawa	Coarse rice	28.0	16.7	12.0	-6.7	▲	▲	▶
	Wheat flour	32.0	60.0	45.5	18.5	▲	▲	▲
	Soybean oil	140.0	47.4	55.6	55.6	▲	▲	▲
	Chicken	280.0	16.7	27.3	7.7	▲	▲	▶
	Mustard oil	180.0	20.0	20.0	20.0	▲	▲	▲
	Mas (black gram)	81.7	-14.0	-22.2	-33.1	▼	▼	▼
	Musuro	75.0	-25.7	-27.9	-36.4	▼	▼	▼
	Potato	30.0	36.4	114.3	100.0	▲	▲	▲
	Hill and mountain markets with road access							
Dhankuta	Coarse rice	31.0	0.0	14.8	-11.4	▶	▲	▶
	Wheat flour	35.0	-2.8	-5.4	9.4	▶	▶	▶
	Soybean oil	145.0	0.0	0.0	20.8	▶	▶	▲
	Chicken	280.0	0.0	0.0	21.7	▶	▶	▲
	Mas (black gram)	120.0	0.0	0.0	-3.2	▶	▶	▶
	Musuro	110.0	4.8	37.5	39.2	▶	▲	▲
	Potato	35.0	0.0	16.7	59.1	▶	▲	▲
Rolpa	Coarse rice	28.0	-15.2	-15.2	-26.3	▼	▼	▼
	Wheat flour	28.0	-30.0	-20.0	-56.9	▼	▼	▼
	Soybean oil	120.0	-20.0	-14.3	-7.7	▼	▼	▶
	Chicken	250.0	-10.7	-7.4	-10.7	▼	▶	▶
	Mas (black gram)	125.0	-3.8	4.2	4.2	▶	▶	▶
	Musuro	80.0	-38.5	-15.8	-38.5	▼	▼	▼
	Potato	40.0	33.3	60.0	0.0	▲	▲	▶
Sanjebagar	Coarse rice	35.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	40.0	0.0	14.3	14.3	▶	▲	▶
	Chicken	350.0	0.0	25.0	40.0	▶	▲	▲
	Mustard oil	180.0	0.0	12.5	28.6	▶	▲	▲
	Mas (black gram)	130.0	0.0	8.3	8.3	▶	▶	▶
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶
	Potato	45.0	-10.0	50.0	50.0	▼	▲	▲
Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	60.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	180.0	5.9	5.9	28.6	▲	▶	▲
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	100.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	100.0	0.0	0.0	0.0	▶	▶	▶
	Potato	40.0	-33.3	0.0	0.0	▼	▶	▶
Bajura	Coarse rice	45.0	28.6	55.2	18.4	▲	▲	▲
	Wheat flour	40.0	11.1	29.0	11.1	▲	▲	▶
	Beans	120.0	20.0	20.0	0.0	▲	▲	▶
	Mas (black gram)	120.0	9.1	20.0	4.3	▲	▲	▶
	Musuro	120.0	9.1	20.0	4.3	▲	▲	▶
	Potato - red	25.0	0.0	-16.7	0.0	▶	▼	▶
	Mountain markets without road access							
Humla	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	230.0	4.5	-4.2	-	▶	▶	-
	Soybean oil	280.0	0.0	0.0	0.0	▶	▶	▶
	Beans	110.0	10.0	10.0	0.0	▲	▶	▶
	Mas (black gram)	210.0	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
	Potato	70.0	75.0	133.3	75.0	▲	▲	▲
Dolpa	Coarse rice	100.0	11.1	11.1	5.3	▲	▲	▶
	Wheat flour	140.0	7.7	7.7	27.3	▲	▲	▶
	Soybean oil	210.0	5.0	5.0	5.0	▶	▶	▶
	Beans	230.0	130.0	15.0	53.3	▲	▲	▲
	Mas (black gram)	210.0	5.0	5.0	23.5	▶	▶	▲
	Musuro	210.0	5.0	5.0	5.0	▶	▶	▶
	Potato	50.0	0.0	42.9	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.

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>

