



Market Watch 45

September 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 across the country continued to rise in September 2012. This upward trend of food prices is due to the lean period and the monsoon season.**
- **The year-on-year inflation released by Nepal Rastra Bank in August 2012 increased by a three-year high of 11.9 percent, while the price index of food and beverage increased by 12.2 percent compared to an increase of 9.9 percent over the same period last year.**
- **As the monsoon is close to the end, many roads linked to the hill and mountain markets from Terai have begun to operate smoothly. This will help to improve food supply in the food deficit areas.**

NATIONAL MARKET DEVELOPMENT

Price

Prices of most commodities regularly monitored by MoAD and WFP showed an upward trend over the past one month. Retail prices of staple foods such as coarse rice and wheat flour increased by 3.6 percent to Rs. 37.0 and by 4.9 percent to Rs. 37.6 per kilo respectively. Likewise, prices of blackgram and broken lentil went up by 1.2 percent to Rs. 109.1 and by 2.2 percent to Rs. 104.2 per kilo respectively. The price of soybean oil climbed up by 3.2 percent to Rs. 152.5 per liter, while that of red potato increased by 3.1 percent to Rs. 38.4 per kilo. Prices as compared to June 2012 and September 2011 showed an upward trend for most commodities.

The regional market trend is somewhat similar to the national trend. The highest increase of prices such as wheat flour is observed in the hill and mountain markets with road access (7.0 percent), followed by Terai markets. The largest increase of coarse rice price is noticed in Biratnagar (13.0 percent), Jumla (11.1 percent) and Dhangadhi (10.7 percent). This may be attributed to a high demand in the hill and mountain markets for upcoming festivals.

Wholesale prices monitored by FNCCI/AEC in five large markets (Birtamode, Kathmandu, Butwal, Surkhet and Dhangadhi) showed a mixed trend over the past one month: vegetable prices in Kalimati Fruits and Vegetables market shows high fluctuations as the commodities are perishable in nature. Prices of vegetables like cauliflower, cucumber and spinach increased by more than 12 percent, while that of cabbage, French bean and pumpkin declined by more than 10 percent over the past one month.

The year-on-year inflation released by the Nepal Rastra Bank increased by 11.9 percent compared to 7.7 percent, while the price index of food and beverage increased by 12.2 percent compared to an increase of 9.9 percent over the same period last year. The price index of cereal grain sub-group showed 5.8 percent increase compared to 1.2 percent over the same period last year. The price index of transport also increased by the highest rate of 14.2 percent as compared to 12.2 percent over the same period last year.

Supply

As monsoon is almost near to an end in September 2012, many roads linked to the hill and mountain market have begun to function smoothly, improving food commodity supplies. Moreover, harvest of summer crops mainly maize has already started in the hilly region, which will increase household food stock at least for a couple of months.

Outlook

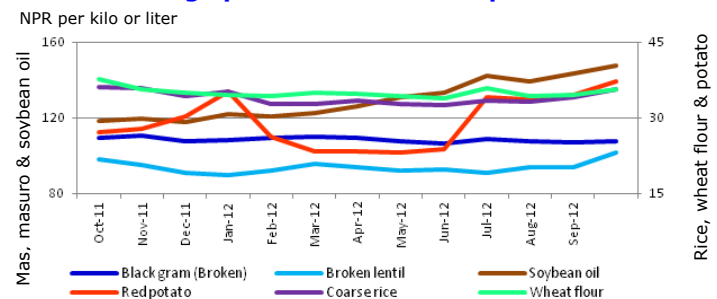
As major festivals (Dashain and Tihar) are approaching in Nepal, prices of staple food commodities are likely to remain high. In addition to staple food prices, prices of meats, fruits, vegetables and edible oils will likely increase because of a higher demand for these goods during the festival.

Summer crop, mainly the maize, has started to be harvested in the hilly region; overall production is expected to be normal to moderate except in Dailekh, Jajarkot, Darchula, Kalikot and Dolpa districts where the production is anticipated to be poor or moderately impaired compared to last year. Moreover, paddy production is likely to be low in some of the Eastern Terai districts, which could affect in the overall food availability.

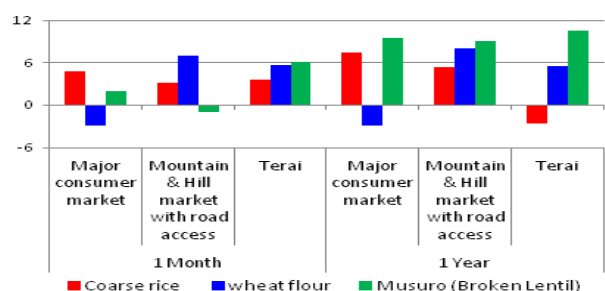
Largest changes in prices of key commodities

| Commodity | Price Rs/kg or liter | % change 1month | Observation |
|---------------------------------|----------------------|-----------------|--|
| Cucumber, cauliflower & spinach | Various | 12 to 30 | Decline in supply due to lean season and perishable in nature. |
| French bean, pumpkin & cabbage | Various | -(10 to 19) | Increase in supply. |

Average price over 12 month period*



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



[†] Prices relate to the Nepali month of Bhadra 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 | 41.0 | 2.5 | 13.9 | 17.1 | ▶ | ▲ | ▲ | |
| | Wheat flour | 34.0 | -2.9 | -2.9 | -5.6 | ▶ | ▶ | ▶ | |
| | Soybean oil | 143.0 | 2.1 | 5.9 | 14.4 | ▶ | ▶ | ▶ | |
| | Chicken | 280.0 | 9.8 | 14.3 | 16.7 | ▲ | ▲ | ▲ | |
| | Mustard oil | 193.0 | 1.6 | 35.0 | 49.6 | ▶ | ▲ | ▲ | |
| | Mas (black gram) | 105.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Musuro | 103.0 | 0.0 | 24.1 | 8.4 | ▶ | ▲ | ▶ | |
| | Potato | 40.0 | 17.6 | 29.0 | 33.3 | ▲ | ▲ | ▲ | |
| Pokhara | Coarse rice | 45.0 | 0.0 | 7.1 | 0.0 | ▶ | ▶ | ▶ | |
| | Wheat flour | 35.0 | -2.8 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Soybean oil | 160.0 | 1.3 | 11.1 | 33.3 | ▶ | ▲ | ▲ | |
| | Chicken | 330.0 | 6.5 | 22.2 | 22.2 | ▲ | ▲ | ▲ | |
| | Mustard oil | 180.0 | 1.1 | 12.5 | 24.1 | ▶ | ▲ | ▲ | |
| | Mas (black gram) | 120.0 | 1.7 | 4.3 | 11.1 | ▶ | ▶ | ▶ | |
| | Musuro | 105.0 | 4.0 | 12.9 | 10.5 | ▶ | ▲ | ▶ | |
| | Potato | 45.0 | 0.0 | 50.0 | 44.2 | ▶ | ▲ | ▲ | |
| Regional Terai markets | | | | | | | | | |
| Biratnagar | Coarse rice | 34.7 | 13.0 | 11.1 | 23.8 | ▲ | ▲ | ▲ | |
| | Wheat flour | 30.0 | 7.1 | 0.0 | 0.0 | ▲ | ▶ | ▶ | |
| | Soybean oil | 150.0 | 5.9 | 4.7 | 23.0 | ▲ | ▶ | ▲ | |
| | Chicken | 260.0 | -3.1 | -31.6 | 8.3 | ▶ | ▼ | ▶ | |
| | Mustard oil | 165.0 | -5.7 | -5.7 | 17.9 | ▼ | ▶ | ▲ | |
| | Mas (black gram) | 90.0 | 0.0 | 0.0 | -18.2 | ▶ | ▶ | ▼ | |
| | Musuro | 100.0 | 17.6 | 39.5 | 33.3 | ▲ | ▲ | ▲ | |
| | Potato | 30.7 | -14.8 | 21.1 | 39.4 | ▼ | ▲ | ▲ | |
| Birgunj | Coarse rice | 35.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Wheat flour | 30.0 | 3.4 | 11.1 | -3.2 | ▶ | ▲ | ▶ | |
| | Soybean oil | 150.0 | 0.0 | 0.0 | 15.4 | ▶ | ▶ | ▲ | |
| | Chicken | 260.0 | 0.0 | 0.0 | 8.3 | ▶ | ▶ | ▶ | |
| | Mustard oil | 180.0 | 0.0 | 12.5 | 28.6 | ▶ | ▲ | ▲ | |
| | Mas (black gram) | 98.0 | 2.1 | 4.3 | 4.3 | ▶ | ▶ | ▶ | |
| | Musuro | 94.0 | 1.1 | 20.5 | 9.3 | ▶ | ▲ | ▶ | |
| | Potato | 30.0 | 0.0 | 15.4 | 42.9 | ▶ | ▲ | ▲ | |
| Nepalgunj | Coarse rice | 30.0 | 0.0 | 15.4 | 0.0 | ▶ | ▲ | ▶ | |
| | Wheat flour | 32.0 | 0.0 | 9.1 | 33.3 | ▶ | ▶ | ▲ | |
| | Soybean oil | 140.0 | 0.0 | -17.6 | 21.7 | ▶ | ▼ | ▲ | |
| | Chicken | 280.0 | 0.0 | 0.0 | 12.0 | ▶ | ▶ | ▶ | |
| | Mustard oil | 180.0 | 0.0 | 0.0 | 33.3 | ▶ | ▶ | ▲ | |
| | Mas (black gram) | 90.0 | 0.0 | 10.2 | 3.4 | ▶ | ▲ | ▶ | |
| | Musuro | 90.0 | 0.0 | 12.5 | 28.6 | ▶ | ▲ | ▲ | |
| | Potato | 30.0 | 0.0 | 0.0 | 50.0 | ▶ | ▶ | ▲ | |
| Dhangadhi | Coarse rice | 31.0 | 10.7 | 14.8 | -26.2 | ▲ | ▲ | ▼ | |
| | Wheat flour | 32.0 | 11.1 | 18.5 | 0.0 | ▶ | ▲ | ▶ | |
| | Soybean oil | 122.0 | 1.7 | -1.6 | 16.2 | ▶ | ▶ | ▲ | |
| | Chicken | 262.0 | 7.8 | 4.8 | 9.2 | ▲ | ▶ | ▶ | |
| | Mustard oil | 158.0 | -9.7 | -6.0 | 15.3 | ▼ | ▶ | ▲ | |
| | Mas (black gram) | 134.0 | 5.5 | 3.1 | -9.5 | ▲ | ▶ | ▶ | |
| | Musuro | 111.0 | 23.6 | 38.8 | 18.1 | ▲ | ▲ | ▲ | |
| | Potato | 40.0 | -8.7 | 0.0 | 33.3 | ▼ | ▶ | ▲ | |
| Major consumer markets (continued) | | | | | | | | | |
| Bhairahawa | Coarse rice | 30.0 | 0.0 | 25.0 | 0.0 | ▶ | ▲ | ▶ | |
| | Wheat flour | 27.0 | 0.0 | 35.0 | 0.0 | ▶ | ▲ | ▶ | |
| | Soybean oil | 150.0 | 0.0 | 57.9 | 59.6 | ▶ | ▲ | ▲ | |
| | Chicken | 240.0 | 0.0 | 0.0 | -7.7 | ▶ | ▶ | ▶ | |
| | Mustard oil | 180.0 | 0.0 | 20.0 | 20.0 | ▶ | ▲ | ▲ | |
| | Mas (black gram) | 92.0 | 0.0 | -3.2 | -24.6 | ▶ | ▶ | ▼ | |
| | Musuro | 105.0 | 0.0 | 4.0 | -12.5 | ▶ | ▶ | ▶ | |
| | Potato | 28.0 | 0.0 | 27.3 | 86.7 | ▶ | ▲ | ▲ | |
| Hill and mountain markets with road access | | | | | | | | | |
| Dhankuta | Coarse rice | 33.0 | 6.5 | 6.5 | 3.1 | ▲ | ▶ | ▶ | |
| | Wheat flour | 35.0 | 0.0 | -2.8 | 9.4 | ▶ | ▶ | ▶ | |
| | Soybean oil | 150.0 | 3.4 | 3.4 | 21.0 | ▶ | ▶ | ▲ | |
| | Chicken | 280.0 | 7.7 | 0.0 | -6.7 | ▲ | ▶ | ▶ | |
| | Mas (black gram) | 120.0 | 0.0 | 0.0 | 13.2 | ▶ | ▶ | ▶ | |
| | Musuro | 115.0 | 4.5 | 9.5 | 45.6 | ▶ | ▶ | ▲ | |
| | Potato | 40.0 | 14.3 | 14.3 | 14.3 | ▲ | ▲ | ▶ | |
| | Rolpa | Coarse rice | 34.0 | 0.0 | 3.0 | -10.5 | ▶ | ▶ | ▶ |
| Wheat flour | | 40.0 | 0.0 | 0.0 | -4.8 | ▶ | ▶ | ▶ | |
| Soybean oil | | 150.0 | 0.0 | 0.0 | 15.4 | ▶ | ▶ | ▲ | |
| Chicken | | 280.0 | 0.0 | 0.0 | 3.7 | ▶ | ▶ | ▶ | |
| Mas (black gram) | | 110.0 | 0.0 | -15.4 | 0.0 | ▶ | ▼ | ▶ | |
| Musuro | | 110.0 | 0.0 | -15.4 | 15.8 | ▶ | ▼ | ▲ | |
| Potato | | 40.0 | 0.0 | 33.3 | 0.0 | ▶ | ▲ | ▶ | |
| Sanjebagar | | Coarse rice | 35.0 | -2.8 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Wheat flour | 35.0 | -12.5 | -12.5 | 0.0 | ▼ | ▼ | ▶ | |
| | Chicken | 320.0 | -8.6 | -8.6 | 28.0 | ▼ | ▶ | ▲ | |
| | Mustard oil | 180.0 | 0.0 | 0.0 | 28.6 | ▶ | ▶ | ▲ | |
| | Mas (black gram) | 120.0 | -7.7 | -7.7 | 0.0 | ▼ | ▶ | ▶ | |
| | Musuro | 110.0 | -8.3 | -8.3 | -8.3 | ▼ | ▶ | ▶ | |
| | Potato | 50.0 | 25.0 | 0.0 | 66.7 | ▲ | ▶ | ▲ | |
| | Jumla | Coarse rice | 50.0 | 11.1 | 11.1 | 11.1 | ▲ | ▲ | ▶ |
| Wheat flour | | 70.0 | 16.7 | 16.7 | 16.7 | ▲ | ▲ | ▲ | |
| Soybean oil | | 180.0 | 0.0 | 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 | | 35.0 | -12.5 | -41.7 | 0.0 | ▼ | ▼ | ▶ | |
| Bajura | | Coarse rice | 45.0 | 0.0 | 28.6 | 21.6 | ▶ | ▲ | ▲ |
| | Wheat flour | 50.0 | 25.0 | 38.9 | 13.6 | ▲ | ▲ | ▶ | |
| | Beans | - | - | - | - | - | - | - | |
| | Mas (black gram) | 120.0 | 0.0 | 9.1 | 0.0 | ▶ | ▶ | ▶ | |
| | Musuro | 120.0 | 0.0 | 9.09 | 0.0 | ▶ | ▶ | ▶ | |
| | Potato - red | 50.0 | 0.0 | 100.0 | 100.0 | ▶ | ▲ | ▲ | |
| | Mountain markets without road access | | | | | | | | |
| | Humla | Coarse rice* | 40.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| Wheat flour | | 220.0 | 0.0 | 0.0 | -4.3 | ▶ | ▶ | ▶ | |
| Soybean oil | | 280.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| Beans | | 100.0 | -16.7 | 0.0 | 0.0 | ▼ | ▶ | ▶ | |
| Mas (black gram) | | - | - | - | - | - | - | - | |
| Musuro | | - | - | - | - | - | - | - | |
| Potato | | 45.0 | -25.0 | 12.5 | 50.0 | ▼ | ▲ | ▲ | |
| Dolpa | | Coarse rice | 110.0 | 10.0 | 22.2 | 10.0 | ▲ | ▲ | ▶ |
| | Wheat flour | 130.0 | -7.1 | 0.0 | 0.0 | ▼ | ▶ | ▶ | |
| | Soybean oil | 240.0 | 14.3 | 20.0 | 4.3 | ▲ | ▲ | ▶ | |
| | Beans | 230.0 | 0.0 | 130.0 | 15.0 | ▶ | ▲ | ▶ | |
| | Mas (black gram) | 210.0 | 90.9 | 5.0 | 23.5 | ▲ | ▶ | ▲ | |
| | Musuro | 210.0 | 0.0 | 5.0 | 5.0 | ▶ | ▶ | ▶ | |
| | Potato | 40.0 | -20.0 | -20.0 | 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.

<http://www.sites.google.com/site/nefoodsec>

