



Market Watch 55

July 2013[†]

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

- **Retail prices of food commodities monitored in various markets across the country showed an upward trend in July 2013 due to the lean season and the interruption in supplies from frequent disruption of regional highways linking to the Hills and Mountains as a result of monsoon rains.**
- **As per the latest report released by the Nepal Rastra Bank, the national inflation rate in July 2013 remained at 7.8 percent, while the price index of the cereal grains sub-group was 11.8 percent relative to 4.3 percent over the same period last year.**

NATIONAL MARKET DEVELOPMENT

Price

In the markets regularly monitored across the country, most food prices showed an upward trend when compared to April 2013, with the exceptions of edible oils and wheat flour. Food prices were also higher than for the same period last year. The prices of coarse rice and wheat flour increased by 1.2 and 2.8 percent respectively over the past month. Likewise, the prices of black gram and broken lentils increased by 2.1 and 1.1 percent respectively, while the price of edible oils such as soybean oil and mustard oil went up by less than one percent. At the same time, the price of red potato reduced by 1.8 percent, mainly due to the arrival of summer potato in the Hill and Mountain markets.

Price developments in the regional markets showed slightly different trends than the national average, with an increase in the price of coarse rice in the Hill and Mountain markets with road access, and a slightly declining trend in the Terai markets and the major consumer markets of Kathmandu and Pokhara. Prices of wheat flour and broken lentils showed an upward trend in all regional markets.

Most wholesale prices regularly monitored by FNCCI/AEC in the five large markets of Birtamod, Kathmandu, Butwal, Surkhet, and Dhangadhi remained reasonably stable over the past month. In the Kalimati Fruits and Vegetables Market, wholesale prices of fresh vegetables had some seasonal fluctuations; the prices of cauliflower, cabbage, dry onions, and tomato sharply increased, while that of okra, chayote, French bean and arum dropped due to increasing production.

As per the latest macroeconomic situation report released by Nepal Rastra Bank, the year-on-year CPI inflation remained at 7.8 percent in July 2013, as compared to 11.5 percent over the same period last year. The price index of the food and beverage group increased by 8.4 percent, while the price index of the cereal grains sub-group remained high at 11.8 percent, compared to a smaller increase of 4.3 percent over the same period last year. This will negatively impact the food security of the poor and vulnerable.

Supply

The regional highways leading to the Hills and Mountains (e.g., Rapti, Mahakali, Karnali, Pushpalal, Koshi, Katari-Okhaldhunga, and Pasang Lhamu) were partially disrupted by landslides caused by heavy monsoon rains; this resulted in an increase in transport rates and time for the delivery of food commodities. Thus, the food stocks are depleting in some markets, especially in the Far and Mid-Western Hills and Mountains, leading to partial shortages of food.

Outlook

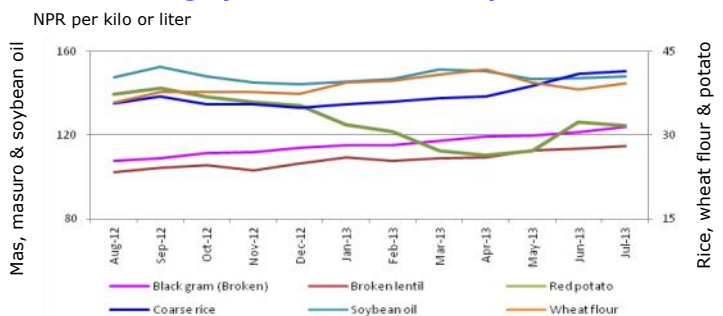
Food prices are likely to increase or remain high until the next harvest, which is expected to commence by the end of September/beginning of October. The recent rise in the price of petrol by Rs. 2 per liter and diesel by Rs. 1 per liter may contribute to a rise in transportation costs, which could in its turn cause an increase in food prices. The recent outbreak of bird flu around the Kathmandu valley will likely contribute to a rise in the prices of items substituting for chickens, as well as partially vegetables.

Despite damage to some paddy fields in the Terai by floods, the continuous monsoon rain has helped in the planting of paddy. Hence, the paddy production outlook is good.

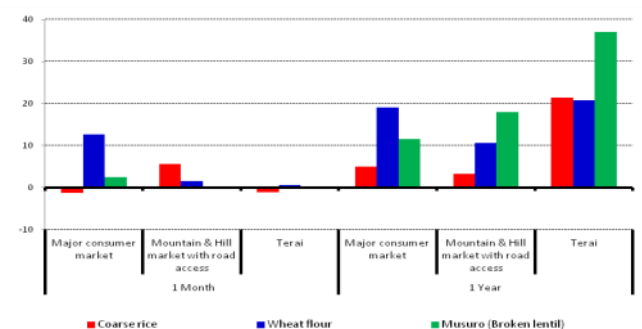
Largest Changes in commodities prices

Commodity	Price Rs/kg or liter	% change 1 month	Observation
Petrol and diesel.	various	>1	Appreciation of US Dollar against Nepalese Rupee.
Dry onion, tomato, cauliflower and cabbage.	various	>20.0	Decrease in supply as they are out of season crops.

Average price over 12 month period*



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



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[†] Prices relate to the Nepali month of Ashad 2070.

* 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 change over		
			1 m	3 m	1 yr	1m	3m	1yr
Major consumer markets								
Kathmandu	Coarse rice	38.0	-2.6	5.6	2.7	▶	▶	▶
	Wheat flour	38.0	15.2	5.6	8.6	▲	▶	▶
	Soybean oil	140.0	5.3	-2.1	-2.1	▲	▶	▶
	Chicken	255.0	-15.0	-15.0	4.1	▼	▼	▶
	Mustard oil	165.0	-2.9	-1.2	-6.8	▶	▶	▶
	Mas (black gram)	125.0	9.6	10.6	13.6	▲	▲	▶
	Musuro	105.0	-4.5	1.9	1.9	▶	▶	▶
	Potato	25.0	-13.8	-7.4	-28.6	▼	▶	▼
Pokhara	Coarse rice	45.0	0.0	7.1	7.1	▶	▶	▶
	Wheat flour	44.0	10.0	4.8	29.4	▲	▶	▲
	Soybean oil	145.0	-3.3	-3.3	-7.1	▶	▶	▶
	Chicken	310.0	6.9	-11.4	3.3	▲	▼	▶
	Mustard oil	180.0	0.0	0.0	8.4	▶	▶	▶
	Mas (black gram)	140.0	9.4	9.4	21.7	▲	▶	▲
	Musuro	115.0	9.5	-10.2	21.1	▲	▼	▲
	Potato	35.0	16.7	9.4	-16.7	▶	▶	▼
Regional Terai markets								
Biratnagar	Coarse rice	32.0	-5.9	-8.6	4.3	▼	▶	▶
	Wheat flour	35.0	0.0	0.0	29.6	▶	▶	▲
	Soybean oil	155.0	-1.9	19.2	9.4	▶	▲	▶
	Chicken	280.0	-6.7	0.0	12.0	▼	▶	▶
	Mustard oil	190.0	0.0	-5.0	8.6	▶	▶	▶
	Mas (black gram)	115.0	0.0	4.5	27.8	▶	▶	▲
	Musuro	120.0	4.3	20.0	54.5	▶	▲	▲
Potato	30.0	-14.3	66.7	18.4	▼	▲	▲	
Biratnagar	Coarse rice	36.0	2.9	0.0	5.9	▶	▶	▶
	Wheat flour	33.0	3.1	-13.2	17.9	▶	▼	▲
	Soybean oil	158.0	-1.3	-2.5	5.3	▶	▶	▶
	Chicken	260.0	-13.3	-13.3	0.0	▼	▼	▶
	Mustard oil	180.0	-1.1	0.0	0.0	▶	▶	▶
	Mas (black gram)	102.0	2.0	-1.0	10.9	▶	▶	▶
	Musuro	110.0	-4.3	6.8	19.6	▶	▶	▲
Potato	22.0	10.0	57.1	-21.4	▲	▲	▼	
Nepalgunj	Coarse rice	36.0	-2.7	0.0	28.6	▶	▶	▲
	Wheat flour	35.0	0.0	-7.9	25.0	▶	▶	▲
	Soybean oil	135.0	0.0	-3.6	-3.6	▶	▶	▶
	Chicken	240.0	-20.0	-11.4	-14.3	▼	▼	▶
	Mustard oil	200.0	0.0	-4.8	11.1	▶	▶	▶
	Mas (black gram)	120.0	-4.0	-7.7	46.9	▶	▶	▲
	Musuro	105.0	0.0	1.9	40.0	▶	▶	▲
Potato	25.0	25.0	56.3	-16.7	▲	▲	▼	
Dhangadhi	Coarse rice	40.0	0.0	0.0	42.9	▶	▶	▲
	Wheat flour	33.0	0.0	0.0	22.2	▶	▶	▲
	Soybean oil	133.0	0.8	-1.5	10.8	▶	▶	▶
	Chicken	300.0	0.0	0.0	20.0	▶	▶	▲
	Mustard oil	170.0	0.0	1.8	0.0	▶	▶	▶
	Mas (black gram)	134.0	0.0	-4.3	7.2	▶	▶	▶
	Musuro	110.0	0.0	4.8	37.5	▶	▶	▲
Potato	39.0	0.0	95.0	-2.5	▶	▲	▶	

▲ 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 change over		
			1 m	3 m	1 yr	1m	3m	1yr
Bhairahawa	Coarse rice	35.0	0.0	25.0	25.0	▶	▲	▲
	Wheat flour	35.0	0.0	0.0	9.4	▶	▶	▶
	Soybean oil	130.0	-7.1	-7.1	-7.1	▼	▶	▶
	Chicken	260.0	0.0	-7.1	-7.1	▶	▶	▶
	Mustard oil	160.0	6.7	-5.9	-11.1	▲	▶	▶
	Mas (black gram)	125.0	0.0	0.0	53.1	▶	▶	▲
	Musuro	100.0	0.0	-9.1	33.3	▶	▶	▲
	Potato	25.0	0.0	25.0	-16.7	▶	▲	▼
Hill and mountain markets with road access								
Dhankuta	Coarse rice	37.0	2.8	12.1	19.4	▶	▲	▲
	Wheat flour	35.0	0.0	-16.7	0.0	▶	▼	▶
	Soybean oil	150.0	0.0	0.0	3.4	▶	▶	▶
	Chicken	280.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	110.0	0.0	-4.3	0.0	▶	▶	▶
	Potato	30.0	0.0	0.0	-14.3	▶	▶	▶
Rolpa	Coarse rice	60.0	20.0	71.4	114.3	▲	▲	▲
	Wheat flour	40.0	0.0	-11.1	42.9	▶	▼	▲
	Soybean oil	155.0	0.0	-11.4	29.2	▶	▼	▲
	Chicken	320.0	6.7	10.3	28.0	▲	▲	▲
	Mas (black gram)	115.0	0.0	-8.0	-8.0	▶	▶	▶
	Musuro	120.0	0.0	0.0	50.0	▶	▶	▲
Potato	50.0	0.0	66.7	25.0	▶	▲	▲	
Sanjibpur	Coarse rice	36.0	0.0	2.9	2.9	▶	▶	▶
	Wheat flour	40.0	0.0	-20.0	0.0	▶	▼	▶
	Chicken	350.0	0.0	9.4	0.0	▶	▶	▶
	Mustard oil	180.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	-7.7	▶	▶	▶
	Musuro	120.0	0.0	4.3	0.0	▶	▶	▶
Potato	45.0	-10.0	-10.0	0.0	▼	▶	▶	
Jumla	Coarse rice	60.0	0.0	20.0	33.3	▶	▲	▲
	Wheat flour	60.0	0.0	-14.3	0.0	▶	▼	▶
	Soybean oil	180.0	12.5	0.0	0.0	▲	▶	▶
	Chicken	400.0	25.0	5.3	-	▲	▶	-
	Mas (black gram)	140.0	7.7	40.0	40.0	▲	▲	▲
	Musuro	140.0	0.0	40.0	40.0	▶	▶	▲
Potato	30.0	0.0	0.0	-25.0	▶	▶	▼	
Bajura	Coarse rice	42.0	5.0	20.0	-6.7	▶	▲	▶
	Wheat flour	44.0	7.3	-12.0	10.0	▲	▼	▶
	Beans	120.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	135.0	12.5	12.5	12.5	▲	▶	▶
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶
	Potato - red	25.0	-16.7	-16.7	0.0	▼	▼	▶
Mountain markets without road access								
Humla	Coarse rice*	42.0	0.0	0.0	5.0	▶	▶	▶
	Wheat flour	200.0	0.0	25.0	-13.0	▶	▶	▶
	Soybean oil	300.0	0.0	0.0	7.1	▶	▶	▶
	Beans	130.0	-56.7	0.0	18.2	▼	▶	▲
	Mas (black gram)	150.0	0.0	-	-28.6	▶	-	▼
	Musuro	-	-	-	-	-	-	-
	Potato	100.0	66.7	66.7	42.9	▲	▲	▲
Dolpa	Coarse rice	130.0	8.3	8.3	30.0	▲	▶	▶
	Wheat flour	130.0	8.3	8.3	-7.1	▲	▶	▶
	Soybean oil	240.0	4.3	4.3	14.3	▶	▶	▶
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	135.0	-41.3	-41.3	-35.7	▼	▼	▼
	Musuro	260.0	4.0	4.0	23.8	▶	▶	▲
Potato	35.0	-	0.0	-30.0	-	▶	▼	

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