



# Market Watch 84

## October 2016†

**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 October 2016, retail prices of most food commodities monitored in 12 markets across Nepal were relatively stable due to the ongoing summer crop harvest, better road access and improved food supply with the end of the monsoon and start of the winter season.**
- **Overall inflation rate in October 2016 was 6.7 percent. The food and beverage group was 5.7 percent. Several food sub-groups were relatively higher: sugar and sugar products (17.8 percent), fruits (10.0 percent), vegetables (7.6 percent), and pulses and legumes (6.4 percent).**

### Prices

Retail prices of most food commodities monitored across the country showed a mixed trend in October 2016. On a month-on-month basis, the retail price of coarse rice went down by 3.1 percent, while that of wheat flour increased by 3.0 percent. Retail prices of black gram and broken lentil decreased by 1.6 and 4.6 percent respectively, while prices of red potato and chicken meat increased by 3.3 and 2.8 percent respectively. However, the price of soybean oil remained relatively stable. Compared to three months earlier, most prices showed a declining trend with the exception of red potato. Compared to the same period last year, most prices showed a mixed trend. Overall, the price of most food commodities over the past 12 months showed a declining trend with expected seasonal fluctuations (see **Figure 1**).

Prices in regional markets (see **Figure 2**) showed somewhat similar trends to the national averages, with a decrease in the price of coarse rice and broken lentil in most markets and an increase in the price of wheat flour in all markets with the exception of the major consumer markets of Kathmandu and Pokhara. Compared to the same period last year, prices of most food commodities showed a mixed trend.

Wholesale prices regularly monitored by FNCCI/AEC in the five large markets of Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi showed a mixed trend over the past one month, with an increase in the price of black gram and soybean oil, and a decrease in the price of coarse rice and broken lentil. Wholesale prices monitored in the Kalimati Fruits and Vegetables Market showed high seasonal fluctuations month-on-month (see **Table 1**): prices of cabbage, cow pea, cucumber and okra increased by more than 9 percent due to a reduction in supply, while that of French bean, pumpkin, radish and spinach decreased by more than 11 percent due to the harvest season.

In October 2016, the overall consumer price index (CPI) released by Nepal Rastra Bank was 115.7, an increase of 0.1 percent month-on-month. The inflation rate, as measured by the year-on-year increase in the CPI, was 6.7 percent. The food and beverage group of the CPI was 117.1, an increase of 0.4 percent month-on-month and 5.7 percent year-on-year; several sub-groups showed relatively higher year-on-year increases: sugar and sugar products (17.8 percent), fruits (10.0 percent), vegetables (7.6 percent), and pulses and legumes (6.4 percent). The non-food and services group of the CPI was 114.6, a decline of 0.1 percent month-on-month and an increase of 7.6 percent year-on-year.

### Supply

The supply of food commodities has improved across the country due to increased road access and smooth operation of transportation services with the end of the monsoon and start of the winter season.

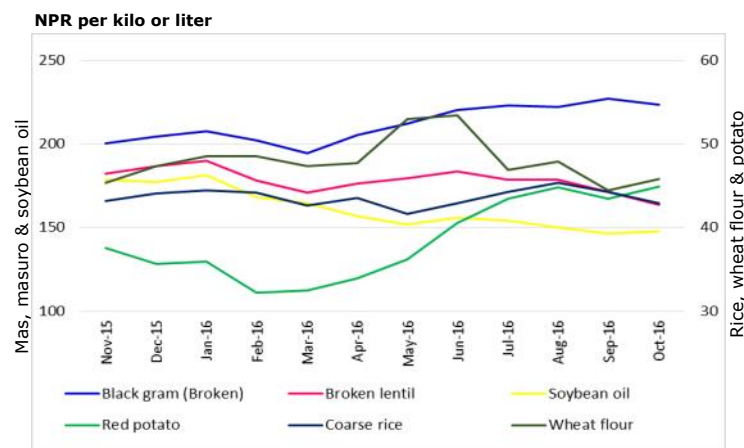
### Outlook

Most food prices are expected to remain stable or decrease next month as a result of the harvest of summer crops and the increased supply of food.

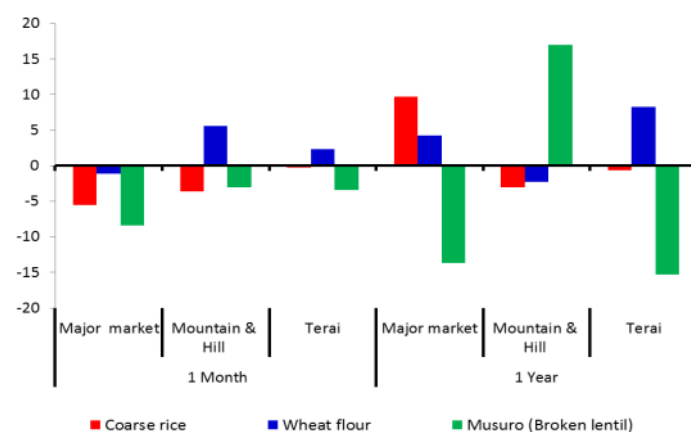
The paddy harvest is expected to be better than last year due to timely and sufficient monsoon rainfall and an increase in the paddy planted area.

Commodity	Price NPR/kg or liter	% change 1 month	Observations
Cabbage, cow pea, okra, and cucumber	various	> 9	Decrease in supply due to lean season
French bean, pumpkin, radish and spinach	various	<-11	Increase in supply due to harvest season

**Figure 1: Average retail price over 12-month period\***



**Figure 2: Percentage change in retail prices\*\* (1 month & 1 year)**



† Prices relate to the Nepali month of Asoj 2073.

\* 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.



