# Market Watch - 8









Market Watch 27 November 2008

## Jointly produced by:

WFP - Food Security Monitoring and Analysis System

MoAC – Department of Agriculture, Agribusiness Promotion and Marketing Development Directorate (ABPMDD)

FNCCI – Federation of Nepalese Chamber of Commerce and Industries CIPF – Consumer Interest Protection Forum

#### **HIGHLIGHTS**

- Recent harvesting, particularly paddy and maize, has resulted in expected seasonal price decreases for many key commodities, including a 5.5 percent national average decrease in the price of coarse rice.
- However, the cost of musuro (broken lentil) continues to increase, it now costs 30 percent more than last year.
- Despite some seasonal price decreases, the cost of almost all commodities is still considerably high compared to past years; for instance, common cooking oils are up by 30-40 percent, and rice is up by 19 percent.
- Seasonal price adjustments are unlikely to be the start of a continued downward trend, and it is expected that
  prices will again increase early in the new year.

#### **NATIONAL MARKET DEVELOPMENTS**

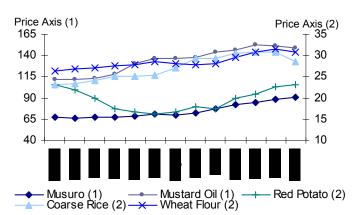
- Across Nepal, the price of musuro continues to rise by over 5 percent, and is now around 30 percent higher than this time last year. However, recent harvesting has resulted in expected seasonal price decreases for many key commodities, including: a 5.5 percent national average decrease in the price of coarse rice, a 2.3 percent decrease in potatoes, and a marginal decrease in the price of wheat flour.
- Increased seasonal supply has been most immediately felt in the regional and rural markets, and has yet to have significant impact on the major consumer markets of Kathmandu and Pokhara.
- There is no reason to believe that this seasonal adjustment is the start of a significant ongoing downward trend. Prices still remain high compared to this time last year. For instance, the price of rice has risen on average by around 19 percent over the year.
- Recent poor harvests in some of the hill and mountain areas, did not impact the price of commodities in local markets. For instance, in Jumla, the harvest of paddy was around 10-30 percent less compared to past years and no seasonal drop in price has been observed.
- Fuel prices and transportation costs still remain a key cost driver for those markets which rely on transported product, particularly the Mountain and Hill districts. Last week the government announced a 6 percent reduction in fuel. If this is passed on by petrol station owners then it is likely transportation cost will come down.

# **MARKET OUTLOOK**

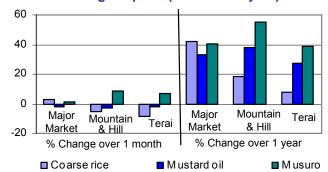
 Over the next month it is likely that continued supply from recent harvests will keep the price of many key commodities down compared to prior months. At a national level, the price of rice and wheat flour may even continue to decrease for another month in line with standard seasonal price trends.

## In the Hill and Mountain districts, where recent maize and paddy harvests were badly impaired, local post harvest food prices will likely increase sooner than usual. The recent WFP food security bulletin highlighted that some markets will run out of local supply before the new year.

# Average price over 12 month period\*



## % Change in price (1month & 1 year)\*\*



Largest increases in retail prices of key commodities							
District / Commodity	Current price (NRs/kg/L)	% change 1 month	Observation				
Morang Chicken	215	14	Chicken prices are still high due to earlier ban on Indian egg/ chick imports because of fear of bird-flu				
Kailali Musuro	90	15.5	Lentils are highly tradable and linked to Indian prices				

Largest decreases in retail prices of key commodities							
District / Commodity	Current price (NRs/kg/L)	% change 1 month	Observation				
Jajarkot Soyabean oil Potato Blackgram	110 20 80	-21 -20 -20	New motorable road from Sallibazar to Chaurjahari continues to reduce prices.				
Accham Coarse Rice Wheat flour	32 28	-22 -26	Seasonal decrease, and arrival of new supplies in the market.				

<sup>\*</sup> Average prices are taken from markets listed in the back of this report, but does not include 'Hill & Mountain No Road' markets.

Market Watch is produced by WFP Nepal in collaboration with the Agri-business Promotion and Marketing Development Directorate, Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and Consumer's Interest Protection Forum. This is an initiative to provide timely information and alerts on price and market developments.

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<sup>\*</sup> Change in price considers all markets shown in this repo



Market	Commodity	Current price (NRS per Kg/Lt.)	Chang 1 m	je in pric 3 m	e (%)* 1 yr		age mo ange o 3m	
Major	consumer r	narkets						
	Coarse rice	40.0	1.3	0.0	35.6	•	•	<b>A</b>
Kathmandu	Wheat flour	27.0	0.0	-22.9	8.0	•	•	•
	Soyabean oil	125.0	-1.6	2.0	33.7	•	•	<b>_</b>
	Chicken	205.0	2.5	43.9	36.7	•	<b>A</b>	<b>A</b>
	Mustard oil Mas (black	134.5	-1.8	-0.4	32.5	•	•	<b>A</b>
	gram)	87.0	0.0	10.1	14.5		<b>A</b>	
	Musuro	103.0	6.2	8.4	47.1	<b>A</b>		<b>A</b>
	Potato - red	24.0	9.1	71.4	-17.2	<b>A</b>	<u> </u>	
	Coarse rice	35.0	4.5	0.0	48.9	<b>•</b>	<b>&gt;</b>	<b>_</b>
	Wheat flour	27.0	-2.5	-10.0	-3.6	•	•	<b>&gt;</b>
æ	Soyabean oil	135.0	-1.8	-3.6	42.1	•		_
Jar	Chicken	235.0	0.0	17.5	23.7	•	<b>A</b>	<b>_</b>
Pokhara	Mustard oil	147.5	-1.7	-1.7	34.1	•	•	<b>_</b>
т	Mas (black gram)	77.5	-4.3	-3.1	-3.1			
	Musuro I	100.0	-4.3	11.1	33.3		•	
	Potato - red	19.0	-2.6	-5.0	-26.9		•	-
	T Otato - Tea			i market				Ť
	Coarse rice	23.8	-5.9	-0.8	11.2	<b>V</b>	<b></b>	<b>•</b>
	Wheat flour	30.0	13.2	17.2	16.3		_	_
	Soyabean oil	126.0	-3.1	-1.2	49.3			_
Igai	Chicken	215.0	13.8	28.0	26.5		•	
Biratnaga	Mustard oil	134.0	-4.3	-0.7	27.6			•
3ira	Mas (black	134.0	-4.3	-0.7	27.0			•
_	gram)	62.5	-5.9	5.9	-19.9	•		•
	Musuro	92.0	2.2	15.0	51.3	•	<b>A</b>	<b>A</b>
	Potato - red	23.0	15	-	-11.5	<b>A</b>	-	<u> </u>
	Coarse rice	29.6	0.7	7.2	55.8	<b>•</b>	<b>&gt;</b>	
	Wheat flour	24.2	8.0	-0.4	5.2	•	•	<b>&gt;</b>
	Soyabean oil	126.0	-0.9	-1.2	55.6	•	•	<b>A</b>
ū	Chicken	180.0	0.0	12.5	28.6	•	<b>A</b>	<b>A</b>
Birgun	Mustard oil Mas (black	140.0	0.0	5.7	42.9	•	•	<b>A</b>
	gram)	74.1	-0.5	5.9	5.9			
	Musuro	92.9	-0.1	10.2	42.9	•	<b>A</b>	<b>A</b>
	Potato - red	19.5	43.4	44.4	-2.5	<b>A</b>	<b>A</b>	<b>•</b>
	Coarse rice	20.3	-4.3	-7.6	5.2	<b>•</b>		<b>&gt;</b>
	Wheat flour	21.2	2.4	24.5	-9.9	•	<b>A</b>	•
Ē	Soyabean oil	120.0	-5.3	0.0	33.3	•	•	<b>A</b>
algu	Chicken	180.0	0.0	0.0	0.0	•	•	•
Nepalgun	Mustard oil Mas (black	130.0	-1.3	8.3	30.0		<b>•</b>	<b>A</b>
	gram)	60.8	-1.6	-13.1	17.7 45.0	_	▼ .	
	Musuro	87.00	15.5	24.3	45.0	<b>A</b>	<b>A</b>	<b>A</b>
	Potato - red	20.0	0.0	5.3	0.0		•	
	Coarse rice	22.3	-20.5	23.6	-44.4	<b>V</b>	<b>A</b>	_
	Wheat flour	24.2	-3.2	10.0	-46.8	•	•	▼
ghi	Soyabean oil	130.0	36.8	85.1	13.0	<b>A</b>	<b>A</b>	_
nga	Chicken	200.0	0.0	0.0	-20.0			▼
Dhangadhi	Mustard oil Mas (black gram)	140.0 75.0	-6.7 -28.6	99.3	3.7 -6.3	<b>▼</b>	•	•
	Musuro	90.0	15.4	60.7	12.5	<u> </u>	·	
	Potato - red	26.0	-7.1	3.6	73.3	_		

<sup>\*</sup> Price comparisons are based on available data. Data received after last months market watch cut off date has been incorporated into the previous month prices as applicable.

▼ 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.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change 1 m	in price	(%)* 1 yr	Averaç chai	ge mo nge ov 3m		
	_								
m.	Coarse rice Wheat flour	22.0 24.0	-13.7 -5.9	-21.4 0.0	10.0	<b>V</b>	<b>V</b>		
	Soyabean oil	122.5	-3.9 -2.0	-4.3	36.1	· ·			
Bhairahawa	Chicken	165.0	-0.9	17.9	17.9		•	<u> </u>	
гар	Mustard oil	150.0	0.0	0.0	33.9			•	
3hai	Mas (black	130.0	0.0	0.0	55.5			_	
	gram)	65.0	4.8	1.6	-5.8				
	Musuro	90.0	1.1	12.5	40.6		<b>A</b>	<b>A</b>	
	Potato - red	11.5	9.5	15.0	-39.5	<b>A</b>	<b>A</b>	•	
Hill and mountain markets with road access									
	Coarse rice	26.5	-10.2	-10.2	15.2	▼ .	. ▼	<b>A</b>	
_	Wheat flour	28.5	-5.0	-6.6	23.9			<u> </u>	
Ohankuta	Soyabean oil	140.0	1.8	-3.4	75.0			<b>A</b>	
Jan	Chicken Mas (black	235.0	11.9	46.9	67.9	<b>A</b>	<b>A</b>	<b>A</b>	
۾	gram)	85.0	-2.9	17.2	21.4	•	<b>A</b>	<b>A</b>	
	Musuro	90.0	2.9	12.5	38.5	•	<b>A</b>	<b>A</b>	
	Potato - red	40.0	100.0	116.2	33.3	<b>A</b>	<b>A</b>	<b>A</b>	
	Coarse rice	26.0	-7.1	-7.1	18.2	▼	<b>&gt;</b>	<b>A</b>	
	Wheat flour	30.0	0.0	-14.3	20.0	•	$\blacksquare$	<b>A</b>	
m.	Soyabean oil	135.0	-5.3	-10.0	50.0	$\blacksquare$	•	<b>A</b>	
Rolpa	Chicken	200.0	0.0	0.0	25.0	•	•	<b>A</b>	
œ	Mas (black	80.0	0.0	8.1	14.3				
	gram) Musuro	90.0	16.1	21.6	28.6		•		
	Potato - red	24.0	14.3	33.3	-4.0				
	Coarse rice	25.0	-21.9	-37.5	0.0	<b>-</b>	-		
_	Wheat flour	30.0	-28.6	-6.3	0.0	_			
Sanfebagaı	Chicken	200.0	0.0	0.0	0.0				
feb	Mas (black	200.0		0.0	0.0				
San	gram)	80.0	14.3	14.3	0.0	<b>A</b>	<b>A</b>		
	Musuro	80.00	6.7	14.3	23.1	<u> </u>	<b>A</b>	<b>A</b>	
	Potato - red	40.0	-20.0	33.3	14.3	<b>V</b>	<b>A</b>		
	Coarse rice	45.0	0.0	0.0	12.5				
	Wheat flour	74.5	12.9	35.5	63.7	<b>A</b>	<b>A</b>		
<u>a</u>	Soyabean oil	180.0	-1.4	2.9	56.5			<b>A</b>	
Jumla	Chicken Mas (black	250.0	-12.6	-7.4	0.0	•			
	gram)	80.0	-26.9	0.0	0.0	$\blacksquare$	•		
	Musuro	80.00	-3.0	0.0	0.0	•	•		
	Potato - red	20.0	11.1	33.3	33.3	<b>A</b>	<b>A</b>	<b>A</b>	
	Hill and	Mountain n	narkets w	ithout ro	ad acc	ess			
	Coarse rice	40.0	0.0	0.0	33.3	•	<b>&gt;</b>	<b>A</b>	
<u>_</u>	Wheat flour	160.0	6.7		146.2	<b>A</b>	<b>A</b>	<b>A</b>	
Humla	Soyabean oil	280.0	0.0	0.0	40.0		<b>•</b>	<b>A</b>	
	Beans	50.0	0.0	25.0	-		<b>A</b>	-	
	Potato - red	20.0	-20.0	-20.0	33.3	<b>V</b>	<b>V</b>	<b>A</b>	
	Coarse rice	80.0	0.0	6.7	33.3				
g	Wheat flour	90.0	0.0	0.0	-10.0				
	Soyabean oil	200.0	100.0	0.0	11.1	<u> </u>			
Dolpa	Beans Mas (black	120.0	20.0	50.0	-	<b>A</b>	<b>A</b>	-	
	gram)	150.0	7.1	7.1	-	<b>A</b>	•	-	
	Musuro	180.0	28.6	28.6	-	<b>A</b>	<b>A</b>	-	
	Potato - red	19.0	-36.7	-36.7	-24.0	▼	▼	<b>V</b>	
	Coarse rice	38.0	0.0	-30.9	8.6	<b>•</b>	▼		
	Wheat flour	43.0	-2.3	-8.5	2.4	•	•	•	
Bajura	Beans	70.0	0.0	0.0	-	•	<b>•</b>	-	
Вај	Mas (black gram)	80.0	0.0	-11.1	_	•	•	-	
	Musuro	100.0	0.0	11.1	_	•	<u> </u>	-	
	Potato - red	12.0	-52.0	-20.0	-52.0	•	•	•	
			-		-				

 $<sup>\</sup>blacktriangle$  Price increase above normal price fluctuation

<sup>►</sup> Normal price fluctuation