

Market Watch - 18



Jointly produced by:

WFP – Food Security Monitoring and Analysis Unit

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

FNCCI/ AEC – Federation of Nepalese Chamber of Commerce and Industries/ Agricultural Enterprise Centre

CIPF – Consumer Interest Protection Forum

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HIGHLIGHTS

- During the past 12 month period, the price of key commodities has continued to increase: blackgram by 21 percent, musuro (broken lentil) by 30 percent, potato by 50 percent, rice by three percent and wheat flour by six percent.
- The price of food during this year's Dasain holiday was much higher compared to previous years. The price of chicken is on average 40 percent higher than last year, the price of key vegetables are up by more than 50 percent and sugar is up by over 45 percent.
- Natural disasters have caused substantial regional crop losses in India, Vietnam, Indonesia and the Philippines. The consequence of such losses means that the price of imported grains, especially rice, is likely to increase significantly in late 2009 and early 2010 compared to prior year prices.

NATIONAL MARKET DEVELOPMENTS

Price

- Compared to 12 months ago, during the peak of the international food crisis, staple food items in Nepal have continued to increase steadily. During the past 12 month period, the price of blackgram has increased by 21 percent, musuro by 30 percent, potato by 50 percent, rice by 3 percent and wheat flour by 6 percent. Only the price of cooking oil has reduced – by around 15 percent.
- The price of food during this year's Dasain holiday was much higher compared to previous years. The price of chicken was on average 40 percent higher than last year, mutton was also generally more expensive, the price of key vegetables such as cauliflower, potato and onion were typically more than 50 percent higher than last year and sugar was up by over 45 percent.
- As a result of Nepal's export ban on lentils, the price of musuro decreased by approximately 2.5 percent during September. The export ban has reduced demand pressure within Nepal as the majority of lentils produced are normally exported abroad. However, there are claims by producers that decreased income from lentils sales may lead to reduce future levels of production.

Supply

- Late monsoon rain has led to flash floods and landslides in districts in Western Nepal. The flooding has caused localised crop damage and has blocked parts of the Karnali Highway and other trails hindering food supply to many Western Hill and Mountain districts.
- Various Mountain and Hill markets have insufficient stock as a result of poor winter production and disruptions in commodity movement because of the monsoon. Markets in Dolakha, Sindhupalchok, Dailekh and Jajarkot are particularly affected. Poor household winter crop production has both increased demand for purchased product and reduced local supply to markets. This has led to price increases and insufficient supply.

MARKET OUTLOOK

- The price of coarse rice is expected to further increase across the region during the coming months due to large scale local and regional crop losses. It is anticipated that post harvest prices will remain high and then significantly increase during the first half of 2010. Preliminary reports estimate India has lost 3 million tons of paddy in recent flooding. Other estimated paddy losses in the region include: Vietnam at 100,000 tons, Pakistan 300,000 tons and the Philippines 500,000 tons. Rice stockpiles of the world's five largest rice exporters - Thailand, Vietnam, the U.S., Pakistan and India - are forecast to plunge to the lowest level in five years.
- The government of Nepal has indicated the need to import 400,000 tons of grain to meet the deficit caused by Nepal's winter drought and late monsoon. However, reduced regional stocks are likely to significantly increase the cost of grain imports. In addition, the Indian border districts of Bihar and Uttar Pradesh have been declared drought induced disaster areas by the Indian Government. As food stocks decline in these areas there may be a resulting outflow of food grains from the Terai of Nepal to India which could further deteriorate Nepal's supply situation.

MARKETS/ COMMODITIES WITH LARGEST MONTHLY CHANGE

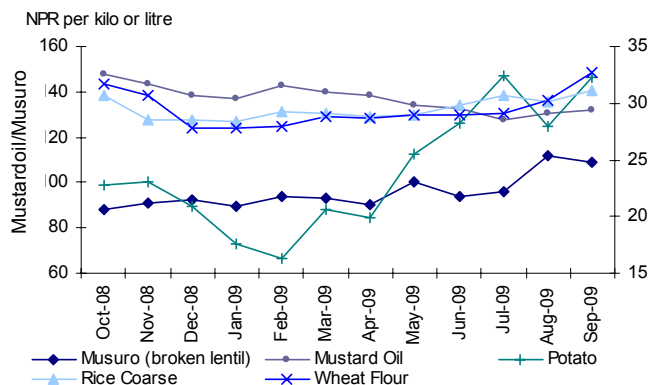
Largest decreases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Musuro (all markets)	Ave. 108 kg	-2.5%	Domestic export ban on lentils.

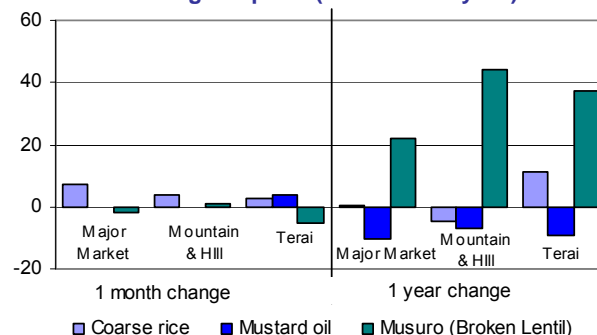
Largest increases in retail prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Coarse rice	Ave.31	4%	Seasonal increase as next harvest approaches.
Wheat	Ave 33	8%	

Average price over 12 month period*



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



† Prices relate to the Nepali month of Bhadra.

* 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 Watch - 18 Major retail commodity prices across Nepal



Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over		
			1m	3m	1yr	1m	3m	1yr
Major consumer markets								
Kathmandu	Coarse rice	39.0	14.7	2.6	-2.5	▲	▶	▶
	Wheat flour	26.0	-3.7	-3.7	-1.9	▶	▶	▶
	Soybean oil	90.0	3.4	-7.2	-27.4	▶	▶	▼
	Chicken	255.0	4.1	6.3	56.9	▶	▶	▲
	Mustard oil	107.0	0.0	-10.1	-20.7	▶	▼	▼
	Mas (black gram)	105.0	5.0	26.5	22.1	▶	▲	▲
	Musuro	107.0	0.0	10.3	10.3	▶	▲	▶
	Potato - red	40.0	33.3	33.3	122.2	▲	▲	▲
Pokhara	Coarse rice	36.0	0.0	0.0	2.9	▶	▶	▶
	Wheat flour	31.0	10.7	10.7	6.9	▲	▲	▶
	Soybean oil	120.0	-7.7	0.0	-14.3	▼	▶	▶
	Chicken	330.0	10.0	10.0	57.1	▲	▶	▲
	Mustard oil	150.0	0.0	7.1	0.0	▶	▶	▶
	Mas (black gram)	100.0	5.3	11.1	25.0	▲	▲	▲
	Musuro I	120.0	-4.0	20.0	33.3	▶	▲	▲
	Potato - red	40.0	14.3	11.1	100	▲	▲	▲
Regional Terai markets								
Biratnagar	Coarse rice	26.0	8.3	8.3	8.3	▲	▶	▶
	Wheat flour	24.0	9.1	0.0	0.0	▲	▶	▶
	Soybean oil	95.0	0.0	-3.1	-25.5	▶	▶	▼
	Chicken	260.0	0.0	-1.5	54.8	▶	▶	▲
	Mustard oil	130.0	10.2	18.2	-3.7	▲	▲	▶
	Mas (black gram)	80.0	0.0	12.4	25.0	▶	▲	▲
	Musuro	95.0	-13.6	11.8	14.5	▼	▲	▶
	Potato - red	32.5	41.3	23.1	173	▲	▲	▲
Biratnagar	Coarse rice	27.6	4.5	3.8	0.0	▶	▶	▶
	Wheat flour	23.0	-7.3	-1.7	-5.0	▼	▶	▶
	Soybean oil	90.8	5.6	-4.4	-27.2	▲	▶	▼
	Chicken	220.0	0.0	10.0	37.5	▶	▶	▲
	Mustard oil	110.0	0.0	0.0	-16.0	▶	▶	▼
	Mas (black gram)	80.0	6.1	14.3	20.3	▲	▲	▲
	Musuro	104.0	4.4	15.6	15.8	▶	▲	▲
	Potato - red	28.0	12.0	27.3	121	▲	▲	▲
Nepalgunj	Coarse rice	26.0	0.0	-1.3	13.0	▶	▶	▶
	Wheat flour	24.0	0.0	5.9	41.2	▶	▶	▲
	Soybean oil	110.0	0.0	0.0	-15.4	▶	▶	▼
	Chicken	247.0	0.0	23.5	37.2	▶	▲	▲
	Mustard oil	135.0	0.0	3.8	3.8	▶	▶	▶
	Mas (black gram)	84.0	0.0	2.4	20.0	▶	▶	▲
	Musuro	120.0	0.0	28.7	71.4	▶	▲	▲
	Potato - red	25.0	19.0	13.6	25.0	▲	▲	▲
Dhangadhi	Coarse rice	26.0	0.0	2.0	42.5	▶	▶	▲
	Wheat flour	25.0	6.4	8.7	12.4	▲	▶	▶
	Soybean oil	110.0	4.8	4.8	54.9	▶	▶	▲
	Chicken	240.0	-12.7	20.0	37.1	▼	▲	▲
	Mustard oil	120.0	-1.6	9.1	-14.9	▶	▶	▶
	Mas (black gram)	100.0	-19.4	25.0	0.0	▼	▲	▶
	Musuro	100.0	-9.1	5.3	53.8	▼	▶	▲
	Potato - red	40.0	53.8	33.3	53.8	▲	▲	▲

- ▲ 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 available.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over			
			1m	3m	1yr	1m	3m	1yr	
Bhairahawa	Coarse rice	26.0	0.0	0.0	-7.1	▶	▶	▶	
	Wheat flour	30.0	20.0	25.0	25.0	▲	▲	▲	
	Soybean oil	94.0	-10.5	-6.0	-26.6	▼	▶	▼	
	Chicken	225.0	12.5	2.3	50.0	▲	▶	▲	
	Mustard oil	127.0	10.4	-20.6	-15.3	▲	▼	▼	
	Mas (black gram)	105.0	-4.5	59.1	61.5	▶	▲	▲	
	Musuro	105.0	-8.7	10.5	31.3	▼	▶	▲	
	Potato - red	26.0	8.3	8.3	160	▲	▶	▲	
Hill and mountain markets with road access									
Dhankuta	Coarse rice	26.0	0.0	4.0	-13.3	▶	▶	▶	
	Wheat flour	30.0	3.4	7.1	3.4	▶	▶	▶	
	Soybean oil	110.0	0.0	-8.3	-21.4	▶	▶	▼	
	Chicken	318.0	6.0	6.0	98.8	▲	▶	▲	
	Mas (black gram)	95.0	5.6	5.6	5.6	▶	▶	▶	
	Musuro	110.0	0.0	10.0	29.4	▶	▶	▶	
	Potato - red	35.0	-	16.7	75.0	-	▲	▲	
	Coarse rice	35.0	16.7	29.6	16.7	▲	▲	▲	
Rojpa	Wheat flour	35.0	16.7	6.1	-12.5	▲	▶	▶	
	Soybean oil	130.0	0.0	0.0	-13.3	▶	▶	▶	
	Chicken	250.0	4.2	25.0	25.0	▶	▶	▲	
	Mas (black gram)	100.0	0.0	25.0	35.1	▶	▲	▲	
	Musuro	115.0	-4.2	15.0	55.4	▶	▲	▶	
	Potato - red	28.0	-6.7	12.0	7.7	▼	▶	▶	
	Coarse rice	30.0	0.0	7.1	-25.0	▶	▶	▼	
	Wheat flour	52.0	4.0	73.3	48.6	▶	▲	▲	
Santebagar	Soybean oil	#DIV/0!	-	-	-	-	-	-	
	Chicken	250.0	-16.7	0.0	25.0	▼	▶	▲	
	Mas (black gram)	100.0	0.0	11.1	33.3	▶	▲	▲	
	Musuro	100.0	0.0	0.0	42.9	▶	▶	▲	
	Potato - red	40.0	14.3	14.3	-20.0	▲	▲	▼	
	Jumla	Coarse rice	45.0	-4.3	0.0	0.0	▶	▶	▶
		Wheat flour	60.0	20.0	9.1	9.1	▲	▶	▶
		Soybean oil	160.0	6.7	6.7	-11.1	▶	▶	▶
Chicken		280.0	0.0	0.0	0.0	▶	▶	▶	
Mas (black gram)		110.0	10.0	57.1	37.5	▲	▲	▲	
Musuro		120.0	9.1	50.0	50.0	▲	▲	▲	
Potato - red		20.0	-33.3	-33.3	33.3	▼	▼	▲	
Coarse rice*		32.0	0.0	0.0	-20.0	▶	▶	▼	
Hill and Mountain markets without road access									
Humla	Wheat flour	160.0	-38.5	0.0	6.7	▼	▶	▶	
	Soybean oil	300.0	0.0	-6.3	7.1	▶	▶	▶	
	Beans	70.0	7.7	27.3	55.6	▲	▲	▲	
	Musuro	-	-	-	-	-	-	-	
	Potato - red	30.0	-40.0	-25.0	20.0	▼	▼	▲	
	Coarse rice	90.0	12.5	20.0	12.5	▲	▲	▶	
	Wheat flour	100.0	0.0	11.1	0.0	▶	▶	▶	
	Soybean oil	200.0	0.0	0.0	-4.8	▶	▶	▶	
Dolpa	Beans	120.0	-31.4	0.0	50.0	▼	▶	▲	
	Mas (black gram)	170.0	13.3	30.8	21.4	▲	▲	▲	
	Musuro	200.0	0.0	17.6	42.9	▶	▲	▲	
	Potato - red	50.0	25.0	25.0	66.7	▲	▲	▲	
	Coarse rice	45.0	0.0	12.5	-	▶	▲	-	
	Wheat flour	45.0	0.0	7.1	-	▶	▶	-	
	Beans	NA	-	-	-	-	-	-	
	Mas (black gram)	110.0	0.0	10.0	-	▶	▶	-	
Bajura	Musuro	110.0	0.0	0.0	-	▶	▶	-	
	Potato - red	20.0	0.0	-50.0	-	▶	▼	-	

All price information in this report refers to retail prices from September.

