



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



Market Watch 21

January 2010

HIGHLIGHTS

- **High food prices remain a significant concern. The most recent year-on-year food price inflation figure provided by the Nepal Rastra Bank in January was 17.8 percent --up by almost 2 percent compared to last month. High food prices are driving overall high consumer price inflation, which is currently estimated at 11.3 percent.**
- **Over the past month the price of staple grains have remained relatively stable due to the summer crop harvest. However, as the harvest was weak it did not have a major impact on reducing the price of key commodities in most markets (as would normally be expected).**
- **A recent bird flue outbreak in the Pokhara region could have a major impact on poultry trade and prices during the first half of 2010. Previous outbreaks have seriously impaired poultry markets in Nepal.**

NATIONAL MARKET DEVELOPMENTS

Price

The price of staple food items generally remained stable across Nepal this month. In the markets regularly monitored by WFP and MoAC the average price of coarse rice in December was Npr 32 per kilo (down 3 percent compared to last month) and the national average wheat price was Npr 35 per kilo (up 1 percent compared to last month). Grain prices are relatively stable due to the recent summer harvest which has helped re-stock local markets. However, the summer harvest was too weak to significantly reduce prices as would normally be expected.

National food price inflation still remains of significant concern. Compared to 12 months ago the price of black-gram is up by 44 percent, wheat flour by 25 percent, musuro (broken lentil) by 25 percent and coarse rice by 14 percent. Thus it is likely that official year-on-year CPI inflation figures released by the Nepal Rastra Bank could rise again next month. Common cooking oils are the only commodities which have not significantly increased during the past 12 months.

The recent harvest of potato has resulted in a significant decrease in potato prices; which are down by around 17 percent across the country compared to December. However, the national average price of potato is still 15 Npr/kg higher than last year.

An outbreak of bird flu has occurred in Pokhara. A Rapid Response Team (RRT) has been deployed for close surveillance. It has been reported that 10,000 chickens, ducks and other birds in the area could be culled to prevent the spread of the disease. MoAC is also considering to ban transportation of poultry products to and from the affected area. This might cause an initial steep demand drop, and then a steep increase in prices – dependant on the number of animals culled and the overall damage to the poultry market.

Though the cardamon production in the Eastern districts of Taplejung, Sankhuwasabha etc is reportely down by 30-40% compared to last year, these districts have benefited from increase in its price from about Npr. 175 per kg last year to about Npr 400-450 per kg this year.

The price of cooking gas has increased from Npr 1125 to 1250 per cylinder, particularly affecting the urban households.

Supply

Generally supply improved across Nepal during January. The Karnali highway opened and this improved both supply and prices in feeder markets. The most noticeable improvement was in Jumla where the prices of rice wheat flour are down 30 percent compared to last month. The recent summer harvest has also increased supply in various markets.

During January bandhs caused major disruption in the markets of: Taplejung, Panchthar, Saptari and Sirahar. In

Taplejung local markets were affected by 15 days of bandh during the month of January and this had a significant impact on supply.

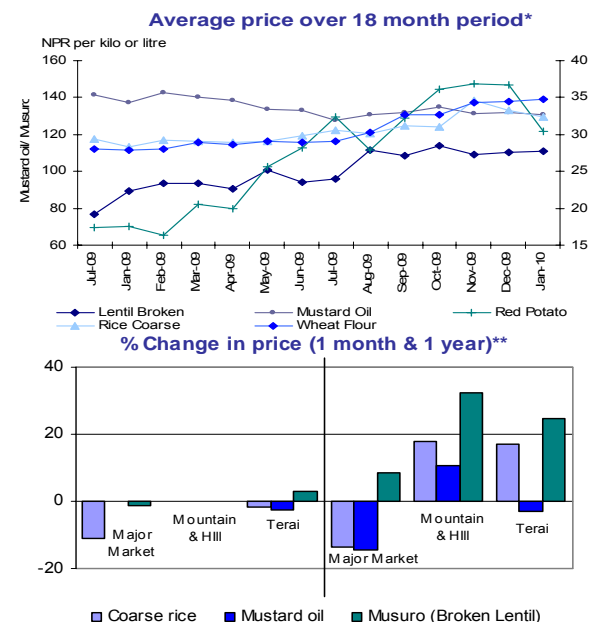
Outlook

The reduced paddy production (a decline of 11.1% nationally compared to last year as per MoAC estimates and confirmed by recent MoAC/WFP joint crop and food security update) is likely to put upward pressure on price of rice in coming months. The price of grains are expected to increase until the next major crop harvest. The winter crops wheat and barley will be harvested between April and August, while next major paddy harvest will be around November.

MAJOR PRICE CHANGE (OVER PAST MONTH)

Largest increases in prices of key commodities			
District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Sugar	Average 99	20%	Poor local and regional production – including deficit in India.

Largest decreases in prices of key commodities			
Commodity	Price NRs/kg/L	% change 1 month	Observation
Potatoes	Average 30.5	-17%	Recent harvest.



Market Watch - 21 Major retail commodity prices for January.

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	32.0	-20.0	-20.0	-20.0	▼	▼	▼
	Wheat flour	28.0	3.7	7.7	-18.8	►	►	▼
	Soybean oil	97.0	11.5	11.5	-22.4	►	►	▼
	Chicken	280.0	12.0	12.0	67.2	►	►	►
	Mustard oil	107.0	0.0	-5.3	-19.2	►	►	▼
	Mas (black gram)	133.0	4.7	29.1	55.6	►	►	►
	Musuro	107.0	1.9	3.9	9.7	►	►	►
Potato - red	32.0	-27.3	-39.6	73.0	▼	▼	►	
Pokhara	Coarse rice	34.4	-1.7	-1.7	-7.0	►	►	►
	Wheat flour	32.0	-5.9	1.3	14.3	▼	►	►
	Soybean oil	110.0	10.0	-8.3	-15.4	►	►	▼
	Chicken	240.0	0.0	-7.7	2.1	►	►	►
	Mustard oil	140.0	0.0	3.7	-9.7	►	►	►
	Mas (black gram)	122.0	-6.2	22.0	52.5	▼	►	►
	Musuro	107.0	-4.5	-14.4	7.0	►	▼	►
Potato - red	35.0	-22.2	-16.7	79.5	▼	▼	►	

Regional Terai markets								
Biratnagar	Coarse rice	25.0	-3.8	-3.8	4.2	►	►	►
	Wheat flour	24.0	-2.4	0.0	-11.1	►	►	►
	Soybean oil	93.0	3.3	3.3	-19.1	►	►	▼
	Chicken	250.0	28.2	-8.1	28.2	►	►	►
	Mustard oil	128.0	0.0	0.0	0.4	►	►	►
	Mas (black gram)	120.0	26.3	26.3	58.4	►	►	►
	Musuro	100.0	0.0	-2.0	32.0	►	►	►
Potato - red	32.0	-11.1	-5.9	141	▼	►	►	
Birgunj	Coarse rice	27.0	-3.6	0.0	19.5	►	►	►
	Wheat flour	24.0	0.0	0.0	15.9	►	►	►
	Soybean oil	94.0	-9.6	-14.5	-14.5	▼	▼	►
	Chicken	250.0	0.0	11.6	38.9	►	►	►
	Mustard oil	110.0	-4.3	-4.3	-11.3	►	►	►
	Mas (black gram)	78.0	-4.1	-2.5	11.1	►	►	►
	Musuro	104.0	4.0	-5.5	-	►	►	-
Potato - red	26.0	-23.5	-18.8	136	▼	▼	►	
Nepalgunj	Coarse rice	30.0	7.1	15.4	42.9	►	►	►
	Wheat flour	24.0	-4.0	0.0	17.1	►	►	►
	Soybean oil	90.0	0.0	-18.2	-23.9	►	▼	▼
	Chicken	#DIV/0!	-	-	-	-	-	-
	Mustard oil	100.0	-7.4	-25.9	-23.1	▼	▼	▼
	Mas (black gram)	95.0	-6.9	13.1	48.4	▼	►	►
	Musuro	100.0	0.0	-16.7	17.6	►	▼	►
Potato - red	20.0	-33.3	-33.3	122	▼	▼	►	
Dhangadhi	Coarse rice	27.1	0.0	4.2	23.2	►	►	►
	Wheat flour	26.0	0.0	4.0	44.4	►	►	►
	Soybean oil	70.0	-	-6.7	-17.6	-	►	▼
	Chicken	300.0	0.0	51.9	50.0	►	►	►
	Mustard oil	120.0	0.0	0.0	20.0	►	►	►
	Mas (black gram)	120.0	-4.8	0.0	84.6	►	►	►
	Musuro	110.0	10.0	-8.3	22.2	►	►	►
Potato - red	20.0	-20.0	-50.0	81.8	▼	▼	►	

▲ 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

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%) *			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Bhairahawa	Coarse rice	24.0	-7.7	-4.0	-4.0	▼	►	►
	Wheat flour	25.0	0.0	-7.4	4.2	►	►	►
	Soybean oil	95.0	5.6	-3.1	-20.8	►	►	▼
	Chicken	280.0	0.0	24.4	64.7	►	►	►
	Mustard oil	150.0	0.0	0.0	0.0	►	►	►
	Mas (black gram)	110.0	10.0	22.2	57.1	►	►	►
	Musuro	125.0	0.0	4.2	27.6	►	►	►
	Potato - red	20.0	-42.9	-37.5	150	▼	▼	►

Hill and mountain markets with road access

Dhankuta	Coarse rice	26.0	0.0	0.0	8.3	►	►	►
	Wheat flour	30.0	3.4	0.0	13.2	►	►	►
	Soybean oil	105.0	5.0	5.0	-19.2	►	►	▼
	Chicken	213.0	0.0	-35.5	-14.8	►	▼	►
	Mas (black gram)	100.0	0.0	11.1	17.0	►	►	►
	Musuro	110.0	0.0	0.0	18.9	►	►	►
	Potato - red	35.0	-12.5	-16.7	94.4	▼	▼	►
Rolpa	Coarse rice	35.0	0.0	0.0	34.6	►	►	►
	Wheat flour	50.0	11.1	42.9	56.3	►	►	►
	Soybean oil	120.0	0.0	-11.1	-11.1	►	▼	►
	Chicken	200.0	-9.1	-20.0	-1.2	▼	▼	►
	Mas (black gram)	120.0	0.0	14.3	41.2	►	►	►
	Musuro	120.0	0.0	0.0	33.3	►	►	►
	Potato - red	40.0	0.0	25.0	60.0	►	►	►
Sanfebagar	Coarse rice	30.0	0.0	0.0	20.0	►	►	►
	Wheat flour	30.0	0.0	42.3	0.0	►	▼	►
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	120.0	0.0	20.0	50.0	►	►	►
	Musuro	120.0	0.0	20.0	50.0	►	►	►
	Potato - red	50.0	0.0	25.0	25.0	►	►	►
Jumla	Coarse rice	65.0	0.0	44.4	44.4	►	►	►
	Wheat flour	90.0	0.0	50.0	0	►	►	►
	Soybean oil	160.0	0.0	0.0	6.7	►	►	►
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	120.0	0.0	0.0	49.1	►	►	►
	Potato - red	25.0	0.0	25.0	26.6	►	►	►

Hill and Mountain markets without road access

Humla	Coarse rice*	35.0	-	9.4	-12.5	-	►	►
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	300.0	0.0	0.0	7.1	►	►	►
	Beans	80.0	14.3	60.0	60.0	►	►	►
	Musuro	230.0	-	-	-	-	-	-
	Potato - red	40.0	0.0	33.3	100	►	►	►
Dolpa	Coarse rice	90.0	0.0	0.0	12.5	►	►	►
	Wheat flour	105.0	0.0	0.0	16.6	►	►	►
	Soybean oil	200.0	0.0	0.0	0.0	►	►	►
	Beans	125.0	0.0	0.0	4.17	►	►	►
	Mas (black gram)	170.0	0.0	0.0	13.3	►	►	►
	Musuro	200.0	0.0	0.0	11.1	►	►	►
	Potato - red	40.0	0.0	0.0	33.3	►	►	►
Bajura	Coarse rice	50.0	11.1	11.1	42.9	►	►	►
	Wheat flour	46.0	9.5	2.2	9.5	►	►	►
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	130.0	-	18.2	18.2	-	►	►
Potato - red	30.0	50.0	50.0	0.0	-	►	►	

For the latest information relating to food security in Nepal check out the Food Security Monitoring System (NeKSAP) google group <http://groups.google.com/group/NeKSAP?hl=en>.

