



# Market Watch 24

May 2010

Jointly produced by:

WFP – World Food Programme Nepal

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



## HIGHLIGHTS

- **National food price inflation remains of significant concern. Staple food prices, including those of coarse rice and wheat, rose slightly over the past month. Nepal Rastra Bank's May 2010 data indicates that recent year-on-year food price inflation is over 14.6 percent. High food prices are driving overall consumer price inflation, which is currently estimated at 10.8 percent.**
- **A nation-wide strike called by the Unified Communist Party of Nepal (Maoist) between 2 May and 7 May heavily restricted the opening of food markets and stopped virtually all food transportation.**
- **Strong supply of chicken has resulted in price reductions of between 11%– 20% in major urban markets and in the Terai.**

## NATIONAL MARKET DEVELOPMENTS

### Price

In general, the price of staple food grains has slightly increased across Nepal this month. In the markets regularly monitored by WFP and MoAC, the average price of coarse rice in March was Npr 31.3 per kilo (compared to 30.9 last month); the national average wheat price was Npr 33.4 per kilo (compared to Npr 33.0 last month); musuro (broken lentil) was Npr 110.0 per kilo (compared to Npr 106.0 last month); potato was Npr 20.8 (compared to 18.6 last month).

National food price inflation remains of significant concern. The most recent year-on-year food price inflation figure provided by the Nepal Rastra Bank for May was 14.6%. This is down from 18% two months ago. High food prices are driving overall high consumer price inflation, which is currently estimated at 10.8% compared to 12.6% two months ago. Compared to 12 months ago the price of coarse rice is up nationally by 12%, the price of wheat flour is up by 15%, the price of lentils is up by 10%, and the price of blackgram is up by 35%.

### Impact of May 2 – 7 national strike

An indefinite strike called by the Unified Communist Party of Nepal (Maoist) between 2 May and 7 May, heavily restricted the opening of food markets and stopped virtually all food transportation. Hill and Mountain districts were the most affected by food supply constraints, by the end of the bandh the worst affected districts reportedly only had between 3-5 days food supply left in stock for key food items.

Throughout the period of the strike the closure of markets caused agitation amongst shop owners and local community members. This led to a number of clashes, particularly in: Humla, Dhankuta, Parbat, Birganj and towards the end of the strike in Kathmandu.

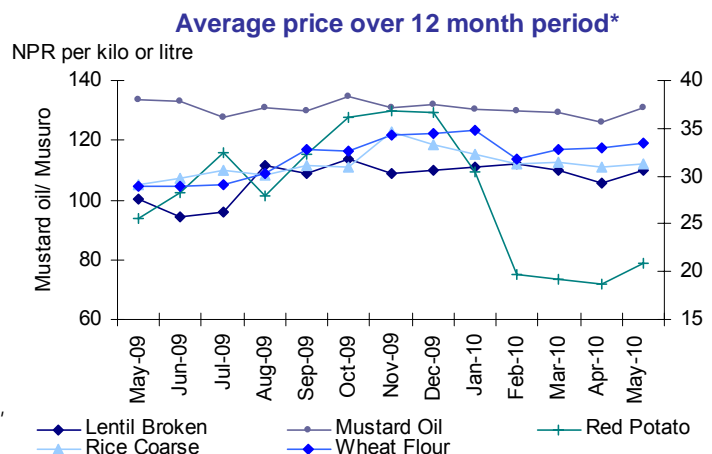
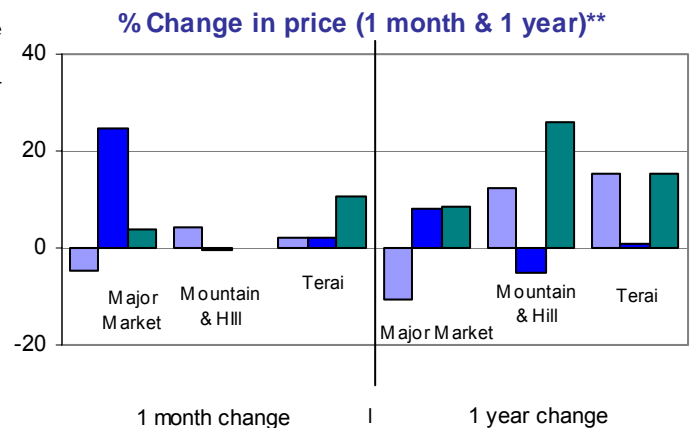
Daily wage laborers interviewed by WFP staff during the bandh, indicated that their families were skipping meals and commonly consuming only one proper meal per day to cope with loss of income. A high rate of households borrowed money and purchased food items on credit to cope.

### Outlook

Food prices are likely to continue to rise until the completion of the winter harvest (expected to finish in most areas within the next month). The harvest is expected to be normal and India is also expecting a strong crop. Wheat prices are expected to ease following the forthcoming harvest. However, rice prices are anticipated to continue to increase until the summer harvest in late 2010.

## MAJOR PRICE CHANGE (OVER PAST MONTH)

| Largest increases in prices of key commodities |                                  |                     |                   |
|--|----------------------------------|---------------------|-------------------|
| District or Commodity                          | Price NRs/kg/L                   | % change 1 month    | Observation       |
| <b>Potato</b><br>National average              | 20.8 Npr/kg                      | 11%                 | Seasonal increase |
| Largest decreases in prices of key commodities |                                  |                     |                   |
| <b>Chicken</b><br>Kathmandu<br>Terai           | 240 Npr/kilo<br>240-260 Npr/kilo | -11%<br>-13 to -20% | Strong supply     |



† Prices relate to the Nepali month of Baishakh.

\* 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 - 24 Major retail commodity prices for May.

| Market                        | Commodity        | Current price (NRS per Kg/Lt.) | Change in price (%)* |       |       | Average monthly change over |    |     |
|-------------------------------|------------------|--------------------------------|----------------------|-------|-------|-----------------------------|----|-----|
|                               |                  |                                | 1 m                  | 3 m   | 1 yr  | 1m                          | 3m | 1yr |
| <b>Major consumer markets</b> |                  |                                |                      |       |       |                             |    |     |
| Kathmandu                     | Coarse rice      | 29.0                           | -9.4                 | -9.4  | -21.6 | ▼                           | ▶  | ▼   |
|                               | Wheat flour      | 31.0                           | 0.0                  | 6.9   | 14.8  | ▶                           | ▶  | ▶   |
|                               | Soybean oil      | 117.0                          | 30.0                 | 20.6  | 34.5  | ▲                           | ▲  | ▲   |
|                               | Chicken          | 240.0                          | -11.1                | -12.1 | 4.3   | ▼                           | ▼  | ▶   |
|                               | Mustard oil      | 147.0                          | 47.0                 | 37.4  | 17.6  | ▲                           | ▲  | ▲   |
|                               | Mas (black gram) | 79.0                           | -34.2                | -40.6 | -7.1  | ▼                           | ▼  | ▶   |
|                               | Musuro           | 112.0                          | 12.0                 | 4.7   | 12.0  | ▲                           | ▶  | ▶   |
|                               | Potato           | 26.0                           | 44.4                 | 23.8  | 13.0  | ▲                           | ▲  | ▶   |
|                               | Pokhara          | Coarse rice                    | 35.0                 | 0.0   | -2.8  | 0.0                         | ▶  | ▶   |
| Wheat flour                   |                  | 34.0                           | 0.0                  | 0.0   | 21.4  | ▶                           | ▶  | ▲   |
| Soybean oil                   |                  | 95.0                           | -13.6                | -3.1  | -20.8 | ▼                           | ▶  | ▼   |
| Chicken                       |                  | 360.0                          | 2.9                  | 44.0  | 28.6  | ▶                           | ▲  | ▲   |
| Mustard oil                   |                  | 138.0                          | 2.2                  | -4.8  | -1.4  | ▶                           | ▶  | ▶   |
| Mas (black gram)              |                  | 125.0                          | 0.0                  | 4.2   | 38.9  | ▶                           | ▶  | ▲   |
| Musuro                        |                  | 100.0                          | -4.8                 | 0.0   | 5.3   | ▶                           | ▶  | ▶   |
| Potato                        |                  | 25.0                           | 78.6                 | 13.6  | 4.2   | ▲                           | ▲  | ▶   |
| <b>Regional Terai markets</b> |                  |                                |                      |       |       |                             |    |     |
| Biratnagar                    | Coarse rice      | 28.0                           | 5.7                  | 21.7  | 21.7  | ▲                           | ▲  | ▲   |
|                               | Wheat flour      | 28.0                           | -3.4                 | 3.7   | 16.7  | ▶                           | ▶  | ▲   |
|                               | Soybean oil      | 92.0                           | 2.2                  | -8.0  | -13.2 | ▶                           | ▶  | ▶   |
|                               | Chicken          | 260.0                          | -13.3                | -3.7  | 3.2   | ▶                           | ▶  | ▶   |
|                               | Mustard oil      | 120.0                          | 4.3                  | 0.0   | -9.6  | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 88.0                           | -2.2                 | -23.5 | 29.4  | ▶                           | ▼  | ▲   |
|                               | Musuro           | 92.0                           | -1.1                 | -8.0  | 5.7   | ▶                           | ▶  | ▶   |
| Biratnagar                    | Coarse rice      | 28.6                           | 0.0                  | 2.1   | 14.4  | ▶                           | ▶  | ▶   |
|                               | Wheat flour      | 26.0                           | -1.5                 | 4.0   | 13.0  | ▶                           | ▶  | ▶   |
|                               | Soybean oil      | 100.0                          | 0.8                  | 2.0   | -9.1  | ▶                           | ▶  | ▶   |
|                               | Chicken          | 240.0                          | -7.7                 | 9.1   | 33.3  | ▼                           | ▶  | ▲   |
|                               | Mustard oil      | 120.0                          | 0.0                  | 0.0   | 0.0   | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 100.0                          | 35.1                 | 35.1  | 35.1  | ▲                           | ▲  | ▲   |
|                               | Musuro           | 100.0                          | 1.2                  | -5.7  | 13.6  | ▶                           | ▶  | ▶   |
| Nepalgunj                     | Coarse rice      | 28.0                           | -3.4                 | -6.7  | 12.0  | ▶                           | ▶  | ▶   |
|                               | Wheat flour      | 28.0                           | 14.3                 | 16.7  | 14.3  | ▲                           | ▲  | ▶   |
|                               | Soybean oil      | 90.0                           | -5.3                 | 0.0   | -21.7 | ▼                           | ▶  | ▼   |
|                               | Chicken          | 220.0                          | -2.2                 | 3.3   | 4.8   | ▶                           | ▶  | ▶   |
|                               | Mustard oil      | 115.0                          | 4.5                  | 15.0  | -4.2  | ▶                           | ▲  | ▶   |
|                               | Mas (black gram) | 85.0                           | -13.3                | -32.0 | 13.3  | ▼                           | ▼  | ▶   |
|                               | Musuro           | 85.0                           | -14.1                | -15.0 | 0.0   | ▼                           | ▶  | ▶   |
| Dhangadhi                     | Coarse rice      | 28.0                           | 3.6                  | 7.2   | 31.6  | ▶                           | ▶  | ▲   |
|                               | Wheat flour      | 29.5                           | 5.4                  | 11.3  | 47.5  | ▲                           | ▲  | ▲   |
|                               | Soybean oil      | 78.6                           | -1.8                 | 12.3  | -34.5 | ▶                           | ▲  | ▼   |
|                               | Chicken          | 240.0                          | -20.0                | 20.0  | 20.0  | ▼                           | ▲  | ▲   |
|                               | Mustard oil      | 121.5                          | 1.2                  | 1.2   | 10.4  | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 139.0                          | 3.0                  | 6.9   | 85.3  | ▶                           | ▶  | ▲   |
|                               | Musuro           | 136.2                          | 70.3                 | 23.8  | 29.7  | ▲                           | ▲  | ▲   |
| Potato                        | 20.0             | 10                             | 81.8                 | -28.6 | ▲     | ▲                           | ▼  |     |

- ▲ 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      | 25.0                           | 4.2                  | -10.7 | -3.8  | ▶                           | ▼  | ▶   |
|            | Wheat flour      | 25.0                           | -3.8                 | -3.8  | 0.0   | ▶                           | ▶  | ▶   |
|            | Soybean oil      | 90.0                           | 3.4                  | 0.0   | -5.3  | ▶                           | ▶  | ▶   |
|            | Chicken          | 200.0                          | 0.0                  | 25.0  | -9.1  | ▶                           | ▲  | ▶   |
|            | Mustard oil      | 150.0                          | 0.0                  | 0.0   | 7.1   | ▶                           | ▶  | ▶   |
|            | Mas (black gram) | 126.0                          | 3.3                  | 0.8   | 57.5  | ▶                           | ▶  | ▲   |
|            | Musuro           | 115.0                          | -2.5                 | -8.0  | 27.8  | ▶                           | ▶  | ▲   |
|            | Potato           | 15.0                           | 25.0                 | 0.0   | -25.0 | ▲                           | ▶  | ▼   |

## Hill and mountain markets with road access

|            |                  |       |       |       |       |   |   |   |
|------------|------------------|-------|-------|-------|-------|---|---|---|
| Dhankuta   | Coarse rice      | 28.0  | 7.7   | 7.7   | 12.0  | ▲ | ▶ | ▶ |
|            | Wheat flour      | 34.0  | 6.3   | 9.7   | 30.8  | ▲ | ▶ | ▲ |
|            | Soybean oil      | 100.0 | 0.0   | -4.8  | -16.7 | ▶ | ▶ | ▼ |
|            | Chicken          | 350.0 | 0.0   | 2.9   | 41.1  | ▶ | ▶ | ▲ |
|            | Mas (black gram) | 135.0 | -3.6  | -6.9  | -10.0 | ▶ | ▶ | ▶ |
|            | Musuro           | 100.0 | 0.0   | 0.0   | 17.6  | ▶ | ▶ | ▲ |
|            | Potato           | 100.0 | 0.0   | -9.1  | 5.3   | ▶ | ▶ | ▶ |
| Rolpa      | Coarse rice      | 25.0  | -10.7 | 0.0   | -10.7 | ▼ | ▶ | ▶ |
|            | Wheat flour      | 35.0  | 0.0   | 0.0   | 29.6  | ▶ | ▶ | ▲ |
|            | Soybean oil      | 40.0  | 0.0   | 14.3  | 21.2  | ▶ | ▲ | ▲ |
|            | Chicken          | 110.0 | 0.0   | -15.4 | -18.5 | ▶ | ▼ | ▼ |
|            | Mas (black gram) | 360.0 | 0.0   | 38.5  | 80.0  | ▶ | ▲ | ▲ |
|            | Musuro           | 130.0 | 0.0   | -13.3 | -10.3 | ▶ | ▼ | ▶ |
|            | Potato           | 120.0 | 0.0   | 26.3  | 26.3  | ▶ | ▲ | ▲ |
| Sanfebagar | Coarse rice      | 120.0 | 0.0   | -4.0  | 20.0  | ▶ | ▶ | ▲ |
|            | Wheat flour      | 30.0  | 0.0   | 0.0   | 0.0   | ▶ | ▶ | ▶ |
|            | Soybean oil      | 30.0  | -     | 0.0   | 0.0   | - | ▶ | ▶ |
|            | Chicken          | 32.0  | -     | 0.0   | -4.5  | - | ▶ | ▶ |
|            | Mas (black gram) | -     | -     | -     | -     | - | - | - |
|            | Musuro           | 320.0 | -     | 6.7   | 52.4  | - | ▶ | ▲ |
|            | Potato           | 130.0 | -     | -7.1  | -16.1 | - | ▶ | ▼ |
| Jumla      | Coarse rice      | 50.0  | 0.0   | 0.0   | 11.1  | ▶ | ▶ | ▶ |
|            | Wheat flour      | 60.0  | 0.0   | 0.0   | 9.1   | ▶ | ▶ | ▶ |
|            | Soybean oil      | 120.0 | 0.0   | -14.3 | -20.0 | ▶ | ▼ | ▼ |
|            | Chicken          | 300.0 | 0.0   | 0.0   | 15.4  | ▶ | ▶ | ▲ |
|            | Mas (black gram) | 160.0 | 0.0   | 0.0   | 0.0   | ▶ | ▶ | ▶ |
|            | Musuro           | 110.0 | 0.0   | 0.0   | 57.1  | ▶ | ▶ | ▲ |
|            | Potato           | 130.0 | 0.0   | 0.0   | 62.5  | ▶ | ▶ | ▲ |

## Hill and Mountain markets without road access

|        |                  |       |       |      |      |   |   |   |
|--------|------------------|-------|-------|------|------|---|---|---|
| Humla  | Coarse rice*     | 38.0  | 0.0   | 8.6  | 18.8 | ▶ | ▶ | ▲ |
|        | Wheat flour      | -     | -     | -    | -    | - | - | - |
|        | Soybean oil      | 300.0 | 0.0   | 0.0  | 0.0  | ▶ | ▶ | ▶ |
|        | Beans            | 320.0 | 0.0   | 0.0  | 0.0  | ▶ | ▶ | ▶ |
|        | Musuro           | 100.0 | 0.0   | 0.0  | 66.7 | ▶ | ▶ | ▲ |
| Dolpa  | Coarse rice      | 90.0  | 0.0   | 0.0  | 20.0 | ▶ | ▶ | ▲ |
|        | Wheat flour      | 120.0 | 14.3  | 20.0 | 33.3 | ▲ | ▲ | ▲ |
|        | Soybean oil      | 200.0 | 0.0   | 0.0  | 0.0  | ▶ | ▶ | ▶ |
|        | Beans            | 240.0 | 0.0   | 0.0  | 0.0  | ▶ | ▶ | ▶ |
|        | Mas (black gram) | 150.0 | 0.0   | 0.0  | 25.0 | ▶ | ▶ | ▲ |
|        | Musuro           | 170.0 | 0.0   | -    | 30.8 | ▶ | - | ▲ |
|        | Potato           | 200.0 | 0.0   | 0.0  | 17.6 | ▶ | ▶ | ▲ |
| Bajura | Coarse rice      | 38.0  | 16.9  | 13.8 | -5.0 | ▲ | ▲ | ▶ |
|        | Wheat flour      | 46.0  | -17.9 | 0.0  | 9.5  | ▼ | ▶ | ▶ |
|        | Beans            | 180.0 | 0.0   | 0.0  | 0.0  | ▶ | ▶ | ▶ |
|        | Mas (black gram) | -     | -     | -    | -    | - | - | - |
|        | Musuro           | 130.0 | 0.0   | 0.0  | 30.0 | ▶ | ▶ | ▲ |
| Potato | 130.0            | 0.0   | 0.0   | 18.2 | ▶    | ▶ | ▲ |   |

