



Market Watch 29

May 2011†

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/ Agro Enterprise Centre
- CIPF – Consumer Interest Protection Forum



HIGHLIGHTS

- As per the report released by Nepal Rastra Bank in mid-April 2011, the year-on-year (y-o-y) price index of food and beverage increased by 17.3 percent of which the index of vegetable groups increased by a highest rate of 61.1 percent. The overall inflation, as measured by the consumer price index, remained at 10.6 percent in the same period.
- A significant increase in wheat (by 12.2% compared to last year) and barley (9.6%) production across the country has improved market supply.
- Despite some transport disturbances in the recent period, the overall supply situation remains good and markets in the hills, mountain and Terai have relatively good stock of essential commodities.

NATIONAL MARKET DEVELOPMENTS

Price

In the markets regularly monitored by MoAC and WFP, the average price of most commodities has remained relatively stable over the past three months. The average price of coarse rice has increased by 5% and soybean oil by 2.4%, while that of black gram, broken lentil and potato have decreased by 5.2%, 3.9% and 8.8% respectively. The wheat flour price has remained almost same with a nominal decrease of 0.1%. In compared to May last year, the average price of soybean oil has increased by 13.0% to Rs.113. Likewise, the average price of coarse rice has increased by 11.6% to Rs.35 and that of wheat flour by 7.1% to Rs. 37.5. Wholesale prices in some large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadi) monitored by AEC also show trends similar to that of retail prices.

As of mid-April 2011, y-o-y price inflation has been at 10.6 % compared to 14.3 % in the same period previous year. The food and beverage index shows an increase of 17.3%, while the index of vegetable groups has reached at highest level of 61.1% in the same period. Such a high inflation in food prices thus remains of significant concern.

Fuel prices in the world market continue to rise. Recent fuel price increase in India could have a direct impact on fuel prices in Nepal. As a result of soaring fuel prices, the price index of transport shows an increase of 11.4% compared to 0.7% decrease in the same period previous year.

Supply

A significant increase in the production of winter crops such as wheat (12.2%) and barley (9.6%) has improved the food stock at least for a couple of months across the country. Moreover, commodity supply continues unhindered in many hill and mountain markets with seasonal road access. Traders in some hill and mountain markets have reportedly stockpiled commodities in order to avoid possible food scarcity in the upcoming monsoon period due to expected disruption in transport likely to be caused by rainfall and landslides.

Strikes by various political and ethnic organizations both at national and regional levels, especially during 15 to 30 May at the time of constituent assembly deadline affected vehicle movement thus disrupting the supply of essential commodities across the country. This led to high increase in prices of perishable commodities such as vegetables, particularly in Kathmandu valley. It is now reported that hill and mountain districts in the Far and Mid-Western regions have adequate stock of food to meet the current demand.

Outlook

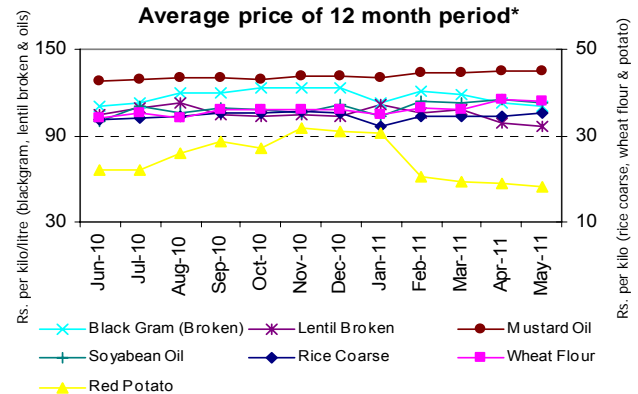
Price of winter crops such as wheat is likely to be stable in the next few months, mainly due to a good recent harvest. The price of vegetables may decrease to some extent, as the monsoon season approaches. However, the price of rice is likely to continue rising until the next major harvest expected in October/November.

Possible strikes due to political instability may affect food supply and prices. In addition, prices of food items will likely be affected by the monsoon due to disruption in transportation, particularly in remote hill and mountain markets. Any further increase in fuel prices may also put further pressure on the food prices.

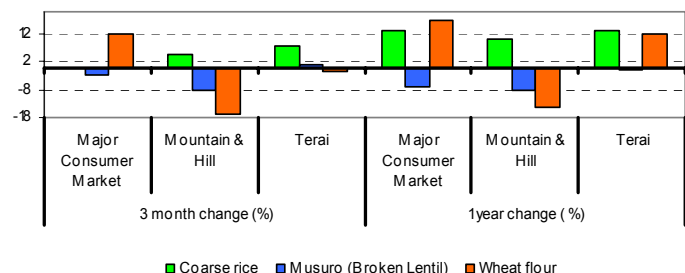
Largest increases in prices of key commodities

District or Commodity	Price Rs/kg	% change 1 month	Observation
Vegetables (Kathmandu valley)	Various	30-40%	Increases in fuel prices and disruption of supply due to strikes carried out by political parties pushed up retail prices

Average price of 12 month period*



Percentage change in price** (3 month & 1 year)



† Prices relate to the Nepali month of Baishak.

* 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	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	34.0	0.0	0.0	17.2	▶	▶	▲
	Wheat flour	36.0	0.0	5.9	16.1	▶	▶	▲
	Soybean oil	116.0	0.0	-0.9	-0.9	▶	▶	▶
	Chicken	245.0	0.0	4.3	2.1	▶	▶	▶
	Mustard oil	120.0	0.0	-5.5	-18.4	▶	▶	▼
	Mas (black gram)	115.0	0.0	-4.2	45.6	▶	▶	▲
	Musuro	95.0	0.0	2.2	-15.2	▶	▶	▼
	Potato	21.0	-8.7	-16.0	-19.2	▼	▼	▼
Pokhara	Coarse rice	42.0	0.0	-6.7	20.0	▶	▶	▲
	Wheat flour	38.0	-5.0	5.6	11.8	▶	▶	▶
	Soybean oil	117.5	-4.2	0.0	21.1	▶	▶	▲
	Chicken	270.0	-10.3	-7.1	-27.8	▼	▶	▼
	Mustard oil	139.0	2.2	-1.4	0.0	▶	▶	▶
	Mas (black gram)	110.0	0.0	-4.3	-12.0	▶	▶	▶
	Musuro	93.5	-3.2	-3.2	-8.0	▶	▶	▶
	Potato	19.2	-4.0	-23.2	-23.2	▶	▼	▼

Regional Terai markets								
Biratnagar	Coarse rice	31.0	0.0	0.0	10.7	▶	▶	▶
	Wheat flour	30.0	7.1	3.4	7.1	▲	▶	▶
	Soybean oil	105.0	0.0	-4.5	14.1	▶	▶	▶
	Chicken	265.0	0.0	-11.7	1.9	▶	▼	▶
	Mustard oil	130.0	3.2	4.0	8.3	▶	▶	▶
	Mas (black gram)	90.0	-10.0	-17.4	2.3	▼	▼	▶
	Musuro	75.0	0.0	-6.3	-18.5	▶	▶	▼
Birgunj	Coarse rice	36.0	9.1	9.1	25.9	▲	▶	▲
	Wheat flour	27.0	-25.0	-25.0	3.8	▼	▼	▶
	Soybean oil	118.0	2.6	2.6	18.0	▶	▶	▲
	Chicken	240.0	0.0	9.1	0.0	▶	▶	▶
	Mustard oil	130.0	0.0	0.0	8.3	▶	▶	▶
	Mas (black gram)	98.0	3.2	-5.8	-2.0	▶	▶	▶
	Musuro	85.0	1.2	1.2	-15.0	▶	▶	▶
Nepalgunj	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Dhangadhi	Coarse rice	35.5	1.7	9.1	28.7	▶	▶	▲
	Wheat flour	30.5	-3.2	0.0	1.7	▶	▶	▶
	Soybean oil	100.0	0.0	0.0	27.2	▶	▶	▲
	Chicken	245.0	0.0	0.0	4.2	▶	▶	▶
	Mustard oil	134.0	-3.0	0.0	7.0	▶	▶	▶
	Mas (black gram)	136.5	-5.0	-5.0	-4.3	▶	▶	▶
	Musuro	97.5	-13.6	-13.6	-30.2	▼	▼	▼

▲ 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.
 - Bajura has fair weather road access and road is only accessible to carry goods by tractor.

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	26.5	12.0	0.0	12.0	▲	▶	▶
	Wheat flour	23.5	13.6	0.0	0.0	▲	▶	▶
	Soybean oil	110.0	15.8	15.8	22.2	▲	▲	▲
	Chicken	240.0	0.0	-7.7	20.0	▶	▶	▲
	Mustard oil	150.0	20.0	-3.2	0.0	▲	▶	▶
	Mas (black gram)	130.0	0.0	-8.5	3.2	▶	▶	▶
	Musuro	120.0	0.0	-7.7	4.3	▶	▶	▶
	Potato	16.0	6.7	6.7	6.7	▲	▶	▶

Hill and mountain markets with road access								
Dhankuta	Coarse rice	33.0	0.0	3.1	17.9	▶	▶	▲
	Wheat flour	35.0	-2.8	-5.4	2.9	▶	▶	▶
	Soybean oil	120.0	0.0	0.0	20.0	▶	▶	▲
	Chicken	240.0	0.0	-29.4	-31.4	▶	▼	▼
	Mas (black gram)	120.0	-0.8	0.0	20.0	▶	▶	▲
	Musuro	80.0	-3.6	-5.9	-20.0	▶	▶	▼
	Potato	20.0	-13.0	-20.0	-20.0	▼	▼	▼
Rolpa	Coarse rice	38.0	0.0	8.6	8.6	▶	▶	▶
	Wheat flour	65.0	0.0	18.2	62.5	▶	▲	▲
	Soybean oil	130.0	0.0	0.0	18.2	▶	▶	▲
	Chicken	280.0	0.0	3.7	-22.2	▶	▶	▼
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	130.0	0.0	0.0	8.3	▶	▶	▶
Sanfebagar	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Jumla	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-

Hill and Mountain markets without road access								
Humla	Coarse rice*	40.0	0.0	0.0	5.3	▶	▶	▶
	Wheat flour	230.0	109.1	-4.2	-	▲	▶	-
	Soybean oil	280.0	0.0	0.0	-6.7	▶	▶	▶
	Beans	100.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Dolpa	Coarse rice	95.0	0.0	0.0	5.6	▶	▶	▶
	Wheat flour	110.0	-	0.0	-8.3	-	▶	▶
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶
	Beans	150.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	170.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	200.0	0.0	0.0	0.0	▶	▶	▶
Bajura	Coarse rice	36.0	5.9	-5.3	-5.3	▲	▶	▶
	Wheat flour	36.0	0.0	-20.0	-21.7	▶	▼	▼
	Soybean oil	-	-	-	-	-	-	-
	Beans	120.0	20.0	0.0	-	▲	▶	-
	Mas (black gram)	105.0	0.0	-19.2	-19.2	▶	▼	▼
	Musuro	105.0	0.0	-19.2	-19.2	▶	▼	▼