



Market Watch 88

June 2018†

Jointly produced by:
WFP-World Food Programme, Nepal
MoALMC-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's Interest Protection Forum



HIGHLIGHTS

- **In June 2018, retail prices of most food commodities monitored in 15 markets across Nepal were relatively stable (or had only marginally increased) due to sufficient availability from domestic production and imports.**
- **The overall inflation rate in May 2018 was 4.1 percent. The food and beverage group was stable at 3.2 percent, although several food sub-groups were relatively higher: vegetables (13.4 percent), fruits (11.4 percent) and milk and milk products (7.6 percent).**

Prices

The retail prices of most food commodities in 15 markets across Nepal increased marginally in June 2018 (see **Fig. 1**):

- On a month-on-month basis, retail prices of coarse rice and wheat flour were stable. The retail price of red potato, black gram, broken lentil and soybean oil increased by 9.8, 2.1, 1.0 and 5.8 percent respectively, while that of chicken meat marginally decreased by 0.6 percent.
- Compared to three months earlier, prices showed a mixed trend with an upward trend in the price of coarse rice, red potato and edible oils, and a declining trend in the price of pulses and chicken meat. The largest change was red potato (up 41.0 percent).
- On a year-on-year basis, most prices also showed a declining trend (with the exception of red potato and coarse rice). The largest change was red potato (up 42.3 percent).

Factors behind current price trends include seasonal fluctuations associated with stable transportation services and the regular supply of food and non-food commodities.

Retail prices in regional markets (see **Fig. 2**) showed a different trend than the national averages. Compared to last month, the prices of coarse rice and wheat flour showed a declining trend (with the exception of the major consumer markets), while that of broken lentils showed an upward trend with the exception of the major consumer markets. Compared to the same period last year, the prices of most food commodities indicated a declining trend (with the exception of the mountain and hill markets).

Wholesale prices regularly monitored by FNCCI/AEC in the five large markets of Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi remained relatively stable month-on-month. Wholesale prices monitored in the Kalimati Fruits and Vegetables Market showed high month-on-month fluctuations (see **Table 1**): prices of cow pea, French bean, tomato, radish, cucumber, carrot and smooth gourd increased by more than 12 percent, while that of pointed gourd, spinach and broad leaf mustard decreased by more than 5 percent due to the harvest season.

In May 2018, the overall consumer price index (CPI) released by Nepal Rastra Bank was 120.0, an increase of 0.4 percent month-on-month. The inflation rate, as measured by the year-on-year increase in the CPI, was 4.1 percent. The food and beverage group of the CPI was 114.7, a decrease of 0.3 percent month-on-month and an increase of 3.2 percent year-on-year; several sub-groups showed relatively high year-on-year increases: vegetables (13.4 percent), fruits (11.4 percent) and milk and milk products (7.6 percent). The non-food and services group of the CPI was 124.3, an increase of 0.9 percent month-on-month and 4.8 percent year-on-year.

Supply

The overall supply of food commodities is so far good across the country due to sufficient availability from domestic production and imports, and stable transportation services. However, the supply of food commodities will likely be affected in the coming months due to monsoon-induced floods and landslides, mainly in the remote areas connecting to earthen roads.

Outlook

Most food prices are expected to increase next month with the start of the lean season of most staple crops.

The monsoon season, despite a timely arrival in Nepal, seems so far weak. If this situation persists for a couple of weeks, this may reduce the plantation area of paddy, a major staple crop of Nepal. This may further cause a decline in the total paddy production.

Table 1: Largest changes in commodity prices (month-on-month)

Commodity	Price NPR/kg or liter	% change 1 month	Observations
Cow pea, French bean, tomato, radish, cucumber, carrot and smooth gourd	various	> 12	Decrease in supply due to lean season
Pointed gourd, spinach and broad leaf mustard	various	< -5	Increase in supply due to harvest season

Figure 1: Average retail price over 12-month period*

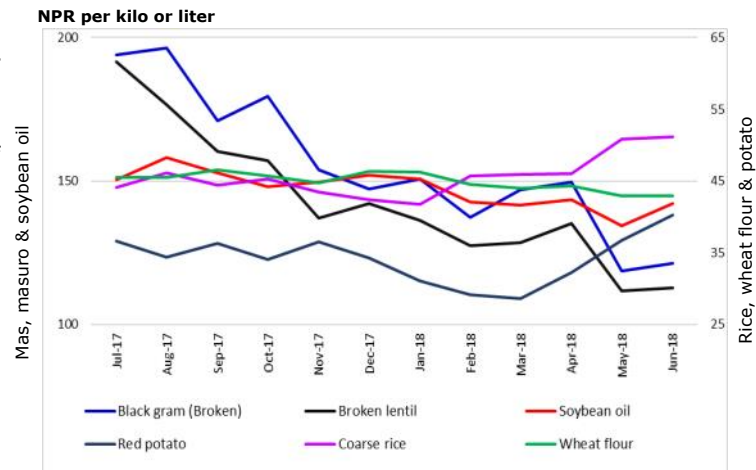
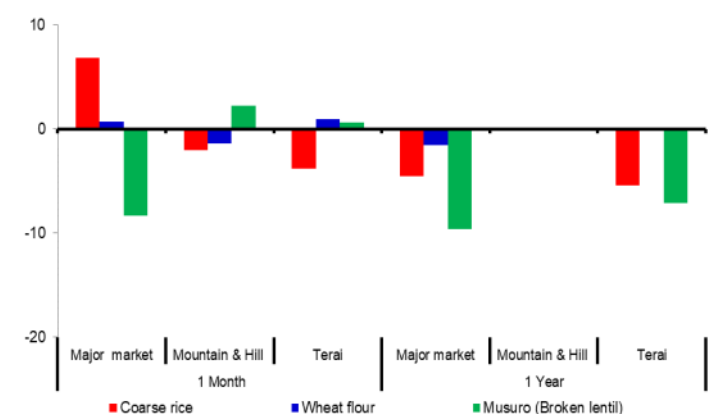


Figure 2: Percentage change in retail prices (1 month & 1 year)**



† Prices relate to the Nepali month of Asar 2075.

* 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 change over		
			1 m	3 m	1 yr	1m	3m	1yr
Major consumer markets								
Kathmandu	Coarse rice	55.0	10.0	-	-	▲	-	-
	Wheat flour	46.0	2.2	-	-	▶	-	-
	Soybean oil	150.0	7.1	-	-	▲	-	-
	Chicken	340.0	0.0	-	-	▶	-	-
	Broken lentil	106.0	11.7	-	-	▼	-	-
	Potato	48.0	6.7	-	-	▲	-	-
	Pokhara	Coarse rice	52.0	8.3	-3.7	-5.5	▲	▶
Wheat flour		48.0	0.0	0.0	0.0	▶	▶	▶
Soybean oil		130.0	0.0	23.8	13.0	▶	▲	▶
Chicken		420.0	-2.3	16.7	-4.5	▶	▲	▶
Broken lentil		95.0	26.9	-17.4	-32.1	▼	▼	▼
Potato		45.0	0.0	0.0	7.1	▶	▶	▶
Surkhet		Coarse rice	46.0	2.2	2.2	-	▶	▶
	Wheat flour	44.0	0.0	0.0	-	▶	▶	-
	Soybean oil	150.0	7.1	0.0	-	▲	▶	-
	Chicken	340.0	0.0	0.0	-	▶	▶	-
	Potato	40.0	0.0	60.0	-	▶	▲	-
Regional Terai markets								
Biratnagar	Coarse rice	42.0	-6.7	16.7	-	▼	▲	-
	Wheat flour	40.0	-4.8	-11.1	-	▶	▼	-
	Soybean oil	135.0	14.4	8.0	-	▲	▶	-
	Chicken	340.0	4.3	13.3	-	▶	▲	-
	Broken lentil	95.0	11.8	-13.6	-	▲	▼	-
	Potato	35.0	6.1	75.0	-	▲	▲	-
Janakpur	Coarse rice	42.0	0.0	-6.7	-	▶	▶	-
	Wheat flour	45.0	0.0	0.0	-	▶	▶	-
	Soybean oil	140.0	0.0	0.0	-	▶	▶	-
	Chicken	300.0	0.0	-6.3	-	▶	▶	-
	Broken lentil	100.0	0.0	-28.6	-	▶	▼	-
	Potato	32.0	-8.6	60.0	-	▼	▲	-
Bhujun	Coarse rice	45.0	0.0	0.0	12.5	▶	▶	▶
	Wheat flour	42.0	5.0	-16.0	-12.5	▶	▼	▶
	Soybean oil	140.0	3.7	-6.7	-6.7	▶	▶	▶
	Chicken	300.0	0.0	-6.3	-11.8	▶	▶	▶
	Broken lentil	83.0	-7.8	-30.8	-44.7	▼	▼	▼
	Potato	35.0	0.0	75.0	40.0	▶	▲	▲
Dhangadhi	Coarse rice	40.0	11.1	-11.1	5.3	▼	▼	▶
	Wheat flour	34.0	0.0	0.0	-5.6	▶	▶	▶
	Soybean oil	140.0	7.7	7.7	7.7	▲	▶	▶
	Chicken	300.0	0.0	0.0	-6.3	▶	▶	▶
	Broken lentil	100.0	0.0	0.0	-16.7	▶	▶	▼
	Potato	30.0	0.0	20.0	20.0	▶	▲	▲
Nepalgunj	Coarse rice	42.0	16.0	-22.2	0.0	▼	▼	▶
	Wheat flour	42.0	0.0	0.0	2.4	▶	▶	▶
	Soybean oil	140.0	0.0	-1.4	-0.7	▶	▶	▶
	Chicken	320.0	0.0	6.7	-13.5	▶	▶	▶
	Broken lentil	100.0	0.0	-9.1	-23.1	▶	▶	▼
	Potato	30.0	0.0	50.0	50.0	▶	▲	▲

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%) *			Average change over		
			1 m	3 m	1 yr	1m	3m	1yr
Hill and Mountain markets with road access								
Bhairahawa	Coarse rice	50.0	11.1	-3.8	-	▲	▶	-
	Wheat flour	40.0	5.3	17.6	-	▲	▲	-
	Soybean oil	130.0	10.2	18.2	-	▲	▲	-
	Chicken	340.0	0.0	6.3	-	▶	▶	-
	Broken lentil	80.0	0.0	6.7	-	▶	▶	-
	Potato	34.0	-2.9	36.0	-	▶	▲	-
	Makwanpur	Coarse rice	52.0	4.0	20.9	-	▶	▲
Wheat flour		44.0	0.0	0.0	-	▶	▶	-
Soybean oil		145.0	3.6	-19.4	-	▶	▼	-
Chicken		320.0	0.0	3.2	-	▶	▶	-
Broken lentil		105.0	-4.5	-52.3	-	▶	▼	-
Potato		35.0	9.4	-2.8	-	▶	▶	-
Dhankuta		Coarse rice	45.0	0.0	12.5	25.0	▶	▲
	Wheat flour	45.0	0.0	0.0	12.5	▶	▶	▶
	Soybean oil	130.0	8.3	0.0	0.0	▶	▶	▶
	Chicken	320.0	-11.1	-20.0	0.0	▶	▼	▶
	Broken lentil	100.0	0.0	0.0	-23.1	▶	▶	▼
	Potato	35.0	16.7	40.0	40.0	▶	▲	▲
Rolpa	Coarse rice	40.0	-25.9	-20.0	-	▼	▼	-
	Wheat flour	40.0	0.0	0.0	-	▶	▶	-
	Soybean oil	140.0	7.7	7.7	-	▲	▶	-
	Chicken	340.0	-2.9	0.0	-	▶	▶	-
	Broken lentil	120.0	4.3	0.0	-	▶	▶	-
	Potato	35.0	0.0	-12.5	-	▶	▼	-
Sanfebagar	Coarse rice	68.0	4.6	94.3	78.9	▶	▲	▲
	Wheat flour	43.0	2.4	2.4	2.4	▶	▶	▶
	Soybean oil	160.0	6.7	-5.9	-5.9	▶	▶	▶
	Chicken	400.0	0.0	0.0	0.0	▶	▶	▶
	Broken lentil	150.0	7.1	-6.3	-16.7	▶	▶	▼
	Potato	45.0	0.0	12.5	50.0	▶	▲	▲
Jumla	Coarse rice	55.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	50.0	-9.1	-16.7	-16.7	▶	▼	▼
	Soybean oil	140.0	0.0	-22.2	-22.2	▶	▼	▼
	Chicken	450.0	4.7	0.0	0.0	▶	▶	▶
	Broken lentil	150.0	0.0	-16.7	-16.7	▶	▼	▼
	Potato	70.0	-	180.0	75.0	-	▲	▲
Bajura	Coarse rice	70.0	2.9	94.4	55.6	▶	▲	▲
	Wheat flour	45.0	7.1	0.0	2.3	▶	▶	▶
	Soybean oil	170.0	6.3	-5.6	-5.6	▶	▶	▶
	Chicken	440.0	0.0	2.3	2.3	▶	▶	▶
	Broken lentil	170.0	13.3	0.0	-15.0	▶	▶	▶
	Potato	40.0	0.0	0.0	0.0	▶	▶	▶
Mountain markets without road access								
Dolpa	Coarse rice	135.0	0.0	-15.6	-3.6	▶	▼	▶
	Wheat flour	100.0	0.0	-23.1	-16.7	▶	▼	▼
	Soybean oil	190.0	2.7	-20.8	-13.6	▶	▼	▶
	Chicken	550.0	10.0	10.0	0.0	▶	▶	▶
	Broken lentil	250.0	13.6	8.7	-16.7	▶	▶	▼
	Potato	40.0	14.3	-33.3	-55.6	▶	▼	▼
Humla	Coarse rice	165.0	0.0	0.0	-2.9	▶	▶	▶
	Wheat flour	150.0	0.0	-11.8	-6.3	▶	▼	▶
	Soybean oil	260.0	0.0	-13.3	-13.3	▶	▼	▶
	Chicken	500.0	0.0	0.0	-16.7	▶	▶	▼
	Potato	60.0	0.0	0.0	-14.3	▶	▶	▶

▲ 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.