



Market Watch 89

August 2018[†]

Jointly produced by:
WFP-World Food Programme, Evidence, Policy and Innovation Unit
MoALD-Ministry of Agriculture and Livestock Development (MoALD), Department of Agriculture (DoA), Market Development, Economic Analysis and Statistics Section
FNCCI/AEC-Federation of Nepalese Chamber of Commerce and Industries/Agro Enterprise Centre
CIPF-Consumer's Interest Protection Forum



HIGHLIGHTS

- **In August 2018, retail prices of most food commodities monitored in 15 major markets across Nepal were relatively stable (or had only marginally decreased) due to sufficient availability from domestic production and imports.**
- **The overall inflation rate in July 2018 was 4.6 percent. The food and beverage group was stable at 3.9 percent, although several food sub-groups were relatively higher: vegetables (18.0 percent), milk and milk products (7.2 percent) and cereal grains (5.1 percent).**

Prices

The retail prices of most food commodities monitored in 15 major markets across Nepal showed a mixed trend in August 2018 (see **Fig. 1**):

- On a month-on-month basis, retail prices of coarse rice, wheat flour, chicken meat, soybean oil and broken lentil were relatively stable. The retail price of red potato increased by 4.6 percent, while that of black gram and mustard oil decreased by 3.4 and 2.2 percent respectively.
- Compared to three months earlier, most prices showed an upward trend with the exception of a downward trend of the price of black gram and chicken meat. The largest change was red potato (up 14.3 percent).
- On a year-on-year basis, most prices showed a downward trend (with the exception of red potato and coarse rice). The largest change was black gram (up 16.3 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 broken lentil showed an upward trend in all markets (with the exception of the price of broken lentil in the major consumer markets and the price of wheat flour in the hill & mountain, and the Terai markets). Compared to the same period last year, the prices of most food commodities were stable (with the exception of a declining trend of the price of coarse rice in the major consumer markets and the price of wheat flour and broken lentil in the Terai markets).

Wholesale prices regularly monitored by FNCCI/AEC in the five large markets of Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi indicated a declining trend with the exception of broken lentil month-on-month. Wholesale prices monitored in the Kalimati Fruits and Vegetables Market showed relatively high month-on-month fluctuations (see **Table 1**): prices of brinjal, broad leaf mustard, spinach, French bean, tomato, okra, and cauliflower increased by more than 11 percent, while that of bitter melon, cucumber and smooth gourd decreased by more than 8 percent due to the harvest season.

In July 2018, the overall consumer price index (CPI) released by Nepal Rastra Bank was 121.3, an increase of 0.8 percent month-on-month. The inflation rate, as measured by the year-on-year increase in the CPI, was 4.6 percent. The food and beverage group of the CPI was 117.4, an increase of 1.9 percent month-on-month and an increase of 3.9 percent year-on-year; several sub-groups showed relatively high year-on-year increases: vegetables (18.0 percent), milk and milk products (7.2 percent) and cereal grains (5.1 percent). The non-food and services group of the CPI was 124.3, a decrease of 0.1 percent month-on-month and an increase of 5.1 percent year-on-year.

Supply

The overall supply of food commodities is so far good and stable across the country due to sufficient availability from domestic production and imports, and stable transportation services.

Outlook

Most food prices are expected to increase in the next two months due to rise of public transportation fare and possible increased demand for foods in up coming major festivals of Nepal.

According to the MoALD, the plantation of paddy - a major staple crop of Nepal - has completed more than 95 percent due to timely onset together with regular interval of monsoon rains. This will help to increase paddy production in the country.

Commodity	Price NPR/kg or liter	% change 1 month	Observations
Brinjal, broad leaf mustard, spinach, French bean, tomato, okra, and cauliflower	various	> 11	Decrease in supply due to lean season
Bitter melon, cucumber and smooth gourd	various	< -8	Increase in supply due to harvest season

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

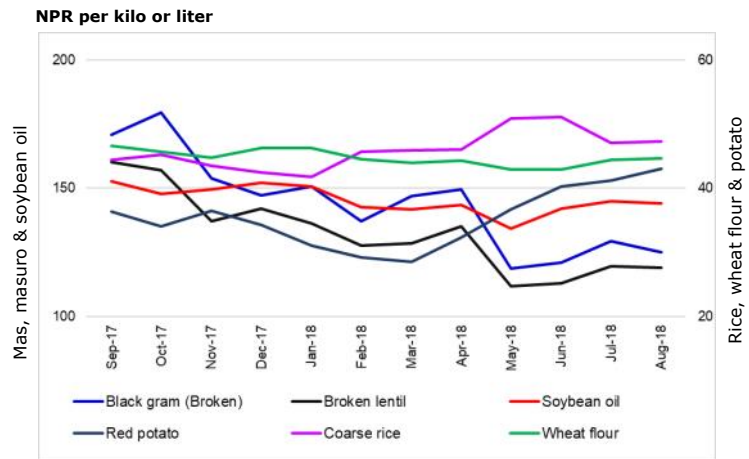
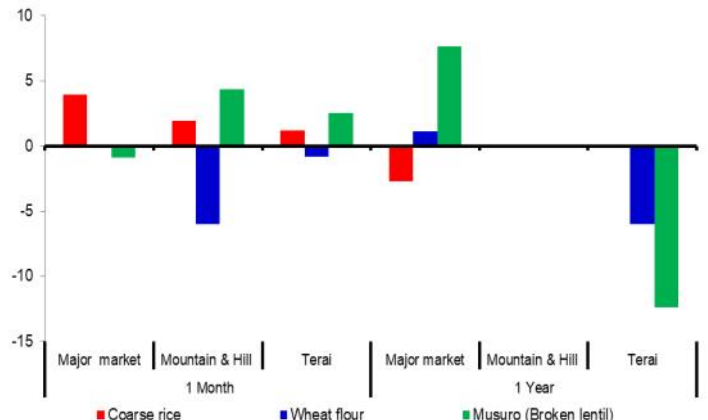


Figure 2: Percentage change in retail prices (1 month & 1 year)**



[†] Prices related to the Nepali month of Bhadra 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	-1.8	10.0	-	▶	▶	-
	Wheat flour	46.0	2.2	2.2	-	▶	▶	-
	Soybean oil	140.0	-6.7	0.0	-	▼	▶	-
	Chicken	330.0	0.0	-2.9	-	▶	▶	-
	Broken lentil	100.0	-9.1	-16.7	-	▼	▼	-
	Potato	50.0	0.0	11.1	-	▶	▲	-
	Pokhara	Coarse rice	52.0	0.0	8.3	0.0	▶	▶
Wheat flour		47.0	-2.1	-2.1	-6.0	▶	▶	▶
Soybean oil		125.0	-3.8	-3.8	0.0	▶	▶	▶
Chicken		400.0	-2.4	-7.0	-7.0	▶	▶	▶
Broken lentil		98.0	2.1	-24.6	-42.4	▶	▼	▼
Potato		42.0	-4.5	-6.7	-19.2	▶	▶	▼
Surkhet		Coarse rice	50.0	13.6	11.1	-	▲	▲
	Wheat flour	44.0	0.0	0.0	-	▶	▶	-
	Soybean oil	140.0	-6.7	0.0	-	▼	▶	-
	Chicken	340.0	0.0	0.0	-	▶	▶	-
	Potato	45.0	28.6	12.5	-	▲	▲	-
Regional Terai markets								
Biratnagar	Coarse rice	42.0	0.0	-6.7	-	▶	▶	-
	Wheat flour	45.0	0.0	7.1	-	▶	▶	-
	Soybean oil	130.0	0.0	10.2	-	▶	▲	-
	Chicken	320.0	6.7	-1.8	-	▲	▶	-
	Broken lentil	90.0	0.0	5.9	-	▶	▶	-
	Potato	50.0	25.0	51.5	-	▲	▲	-
Janakpur	Coarse rice	43.0	2.4	2.4	-	▶	▶	-
	Wheat flour	45.0	0.0	0.0	-	▶	▶	-
	Soybean oil	140.0	0.0	0.0	-	▶	▶	-
	Chicken	320.0	6.7	6.7	-	▲	▶	-
	Broken lentil	125.0	0.0	25.0	-	▶	▲	-
	Potato	35.0	0.0	0.0	-	▶	▶	-
Bijurj	Coarse rice	45.0	0.0	0.0	-	▶	▶	-
	Wheat flour	42.0	5.0	5.0	-	▶	▶	-
	Soybean oil	130.0	-8.5	-3.7	-	▼	▶	-
	Chicken	300.0	0.0	0.0	-	▶	▶	-
	Broken lentil	90.0	0.0	0.0	-	▶	▶	-
	Potato	40.0	5.3	14.3	-	▲	▲	-
Dhangadhi	Coarse rice	40.0	0.0	-11.1	0.0	▶	▼	▶
	Wheat flour	34.0	0.0	0.0	-2.9	▶	▶	▶
	Soybean oil	140.0	0.0	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	0.0	0.0	▶	▶	▶
Nepalgunj	Coarse rice	44.0	4.8	-12.0	15.8	▶	▼	▲
	Wheat flour	42.0	0.0	0.0	-4.5	▶	▶	▶
	Soybean oil	140.0	0.0	0.0	-2.1	▶	▶	▶
	Chicken	300.0	0.0	-6.3	-11.0	▶	▶	▶
	Broken lentil	120.0	20.0	20.0	-8.4	▲	▲	▶
	Potato	55.0	37.5	83.3	223.5	▲	▲	▲

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	0.0	11.1	-	▶	▲	-
	Wheat flour	36.0	-10.0	-5.3	-	▼	▶	-
	Soybean oil	125.0	-3.8	5.9	-	▶	▶	-
	Chicken	340.0	0.0	0.0	-	▶	▶	-
	Broken lentil	76.0	-5.0	-5.0	-	▶	▶	-
	Potato	35.0	0.0	0.0	-	▶	▶	-
Makwanpur	Coarse rice	50.0	-3.8	0.0	-	▶	▶	-
	Wheat flour	50.0	13.6	13.6	-	▲	▲	-
	Soybean oil	135.0	-7.5	-3.6	-	▼	▶	-
	Chicken	310.0	-3.1	-3.1	-	▶	▶	-
	Broken lentil	95.0	-9.5	-13.6	-	▼	▼	-
	Potato	45.0	12.5	40.6	-	▲	▲	-
Dhankuta	Coarse rice	45.0	0.0	0.0	18.4	▶	▶	▲
	Wheat flour	45.0	0.0	0.0	0.0	▶	▶	▶
	Soybean oil	130.0	0.0	8.3	4.0	▶	▶	▶
	Chicken	340.0	0.0	-5.6	3.0	▶	▶	▶
	Potato	105.0	5.0	5.0	-12.5	▶	▶	▶
Rolpa	Coarse rice	42.0	0.0	-22.2	-	▶	▼	-
	Wheat flour	42.0	5.0	5.0	-	▶	▶	-
	Soybean oil	140.0	0.0	7.7	-	▶	▶	-
	Chicken	350.0	0.0	0.0	-	▶	▶	-
	Broken lentil	120.0	9.1	4.3	-	▲	▶	-
	Potato	45.0	28.6	28.6	-	▲	▲	-
Sanfebagar	Coarse rice	44.0	2.3	10.0	4.8	▶	▶	▶
	Wheat flour	45.0	0.0	0.0	2.3	▶	▶	▶
	Soybean oil	165.0	3.1	10.0	-2.9	▶	▶	▶
	Chicken	400.0	0.0	0.0	0.0	▶	▶	▶
	Broken lentil	170.0	13.3	21.4	-15.0	▲	▲	▶
	Potato	45.0	0.0	0.0	12.5	▶	▶	▶
Jumla	Coarse rice	50.0	0.0	-9.1	-9.1	▶	▶	▶
	Wheat flour	50.0	0.0	-9.1	-9.1	▶	▶	▶
	Soybean oil	150.0	0.0	7.1	-16.7	▶	▶	▼
	Chicken	450.0	0.0	4.7	-18.2	▶	▶	▼
	Broken lentil	150.0	7.1	0.0	-16.7	▲	▶	▼
	Potato	40.0	0.0	-20.0	33.3	▶	▼	▲
Bajura	Coarse rice	46.0	15.0	15.0	7.0	▲	▲	▶
	Wheat flour	47.0	4.4	6.8	4.4	▶	▶	▶
	Soybean oil	190.0	5.6	18.8	5.6	▶	▲	▶
	Chicken	460.0	2.2	4.5	4.5	▶	▶	▶
	Broken lentil	190.0	5.6	26.7	-13.6	▲	▲	▶
	Potato	40.0	0.0	0.0	14.3	▶	▶	▶
Mountain markets without road access								
Dolpa	Coarse rice	80.0	0.0	-40.7	-44.8	▶	▼	▼
	Wheat flour	120.0	20.0	20.0	0.0	▲	▲	▶
	Soybean oil	200.0	5.3	8.1	-9.1	▶	▶	▶
	Chicken	550.0	0.0	10.0	10.0	▶	▶	▶
	Broken lentil	280.0	0.0	27.3	-6.7	▶	▲	▶
	Potato	42.0	5.0	20.0	-72.0	▶	▲	▼
Humla	Coarse rice	165.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	150.0	0.0	0.0	-11.8	▶	▶	▶
	Soybean oil	260.0	0.0	0.0	-13.3	▶	▶	▶
	Chicken	500.0	0.0	0.0	-16.7	▶	▶	▼
	Broken lentil	300.0	-14.3	-14.3	-21.1	▼	▼	▼
	Potato	50.0	-16.7	-16.7	-16.7	▼	▼	▼

▲ 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.