

Market Watch - 6



Jointly produced by:

WFP – Food Security Monitoring and Analysis System

MoAC – Department of Agriculture, Agribusiness Promotion and Marketing

Development Directorate (ABPMDD)

FNCCI – Federation of Nepalese Chamber of Commerce and Industries

CIPF – Consumer Interest Protection Forum

Market Watch

23 September 2008

Highlights

- Districts in the Mid- and Far-Western Hills and Mountains continue to face severe problems of food insecurity due to high food prices, natural disasters and hindered access to markets. On the positive side, the recent maize harvest has decreased maize prices substantially.
- Food prices have continued to rise and in some parts have been further affected by the closure of the East-West highway in the Eastern and Far-Western Terai, the Karnali highway and the Dhangadhi – Dadeldhura highway due to floods and landslides.
- With the festive season of Dashain approaching, food prices traditionally go up. However, prices are already at very high levels which will further affect the poor.

NATIONAL PRICE DEVELOPMENT

The trend of price increases of key commodities continued in the past month in different markets across the country. The price of coarse rice and wheat either rose slightly or remained at the same high rates seen in the last month. The price of musuro (broken lentils) has risen in most markets, while that of cooking oil has remained stable compared to last month. The price of maize has gone down significantly ranging from 13 to 36% following the recent harvest of maize, which is mainly grown in hill and mountain districts, particularly in the Mid- and Far- Western regions. Chart 1 shows the national average prices of key commodities considering available data among 12 selected markets in the Terai, Hills and Mountains (source: ABPMDD).

Detailed updated price developments across a series of markets are provided on page 2.

MARKETS/COMMODITIES WITH LARGEST PRICE CHANGES

Maize prices significantly decreased due to the recent harvest. Maize however is generally used for own consumption and is not widely traded. The biggest decrease was observed in Sindhupalchok (-36%) and Sindhuli (-33%). The price of sugar in Jumla rose by 66.7% and that of potatoes by 33.3%. Similarly, the potato prices increased in Jajarkot by 36%. The largest commodity price increase can be observed in the Karnali zone where access to markets is constrained due to the monsoon. The table below shows district markets with the largest increases and decreases in retail prices for selected commodities as compared to last month.

KEY MARKET ISSUES

- The Government of India agreed to lift the export ban on rice, wheat flour and sugar to Nepal during the just-concluded visit of the Nepali Prime Minister. Its implementation and impact on prices and availability are yet to be seen.
- Although the recent maize harvest somewhat eased the widespread food insecurity in the Hills and Mountains of the Mid- and Far-Western Regions, continuing high prices of other commodities and

market inaccessibility will adversely affect the poor.

- High food prices, increased transportation costs and unavailability of means of transport due to inadequate fuel supply, pose a significant concern for the population in the coming festive season of Dashain and Tihar. Cooking gas and kerosene are in very short supply in Kathmandu.
- The closure of the East-West highway in the Sunsari-Saptari section has virtually brought the supply of commodities from the Eastern Terai to a halt. Similarly, the highway is also impassable at some parts in the Far-western Terai after recent floods in Kailali and Kanchanpur. Prices of perishable items such as banana have fallen sharply in areas east of Koshi.
- The Karnali highway is not usable beyond Rakam in Dailekh as is the Dhangadi – Dadeldhura highway due to landslides and monsoon conditions.

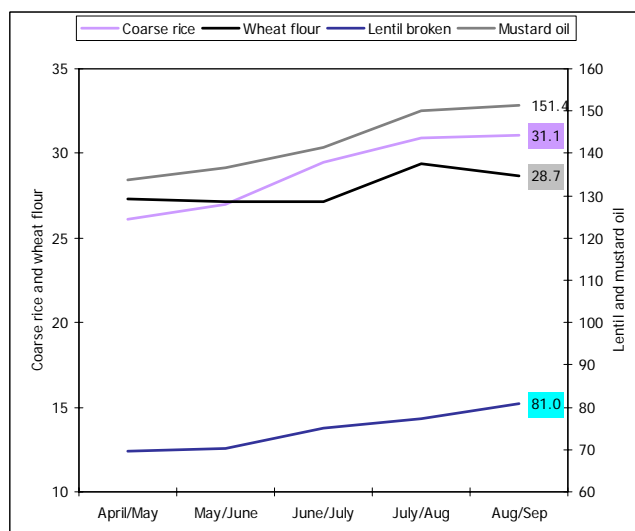


Chart 1: Average prices of key commodities

Largest increases in retail prices of key commodities				
District / Commodity	Current price (NRs/kg or L)	% change 1 month	Observation	
Jumla	Sugar	100	66.7	Prices went up due to closure of Karnali highway
	Wheat flour	20	33.3	
Jajarkot	Potato	30	36.4	Prices went up due to road closure
	Sugar	60	20.0	
	Mustard oil	190	18.8	

Largest decreases in retail prices of key commodities				
District / Commodity	Current price (NRs/kg)	% change 1 month	Observation	
Sindhuli	Maize	10	-33.3	Maize price declined after a good harvest. The price of soyabean oil also declined due to better supply in the markets.
	Soyabean oil	135	-15.6	
Dhanusha	Maize	11	-26.7	
	Soya bean oil	130	-16.1	

Source: WFP, Food Security Monitoring and Analysis System

Market Watch is produced by WFP Nepal in collaboration with the Agri-business Promotion and Marketing Development Directorate, Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and Consumer's Interest Protection Forum. This is an initiative to provide timely information and alerts on price and market developments.

All information products produced by the FSMAS are available on the UN Nepal Information platform (www.un.org.np) or on the WFP website: <http://vam.wfp.org/country/docs?country=524>. For more information please contact: Food Security Monitoring and Analysis Unit, United Nations World Food Programme, Patan Dhoka Road, Lalitpur, PO Box 107, Tel 5542607 ext 2420-5

Market Watch on main food commodities across Nepal



Markets	Major commodities	Current price (NRS/Kg or Nrs/ltr)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Major consumer markets								
Kathmandu	Coarse rice	40.0	0	19.4	50.9	▲	▲	▲
	Wheat flour	26.5	-24.3	8.2	10.4	▼	▶	▶
	Soya bean oil	124.0	1.2	1.2	43.4	▶	▶	▲
	Musuro	97.0	2.1	34.7	35.7	▶	▲	▲
	Mas (Black gram)	85.0	16.4	10.4	2.4	▲	▲	▶
	Chicken	162.5	-14.0	-11.0	12.1	▼	▼	▶
	Potato-red	18.0	28.6	44.0	-40.0	▲	▲	▼
Pokhara	Coarse rice	35.0	0	0	59.1	▶	▶	▲
	Wheat flour	29.0	-3.3	-3.3	3.6	▶	▶	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	90.0	0	20	28.6	▶	▲	▲
	Mas (Black gram)	80.0	0	19.4	0	▶	▲	▶
	Chicken	220	10.0	10.0	22.2	▲	▲	▲
	Potato-red	20.0	0	11.1	-33.3	▶	▲	▼
Regional Terai markets								
Biratnagar	Coarse rice	24.0	0	2.1	17.7	▶	▶	▲
	Wheat flour	24.0	0	-7.7	-5.9	▶	▶	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	83.0	0	16.6	38.3	▶	▲	▲
Birgunj	Coarse rice	27.6	0	7.0	32.1	▶	▶	▲
	Wheat flour	24.2	-0.4	0.8	9.0	▶	▶	▶
	Soya bean oil	124.7	-2.2	3.9	54.7	▶	▶	▲
	Musuro	89.8	6.5	29.2	41.6	▲	▲	▲
Nepalgunj	Mas (Black gram)	66.5	-5.0	10.5	-17.8	▶	▲	▼
	Coarse rice	23.0	4.6	0	9.5	▶	▶	▶
	Wheat flour	17.0	0	-	7.4	-	-	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	70	0	5.0	3.7	▶	▶	▶
Dhangadhi	Mas (Black gram)	70	0	19.3	0.5	▶	▲	▶
	Coarse rice	n/a	-	-	-	-	-	-
	Wheat flour	22.2	1.1	2.3	1.1	▶	▶	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	65.0	16.1	-1.5	16.1	▲	▶	▲
Bhairahawa	Mas (Black gram)	100	0	22.3	24.2	▶	▲	▲
	Coarse rice	28	0	5.7	30.2	-	-	▲
	Wheat flour	24	0	-4.0	4.4	▶	▶	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	80	0	8.8	28.0	▶	▶	▲
Mas (Black gram)	65	1.6	18.2	-5.1	▶	▲	▶	

Markets	Major commodities	Current price (NRS/Kg or Nrs/ltr)	Change in price (%)			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
Hill and Mountain markets with road access								
Dhankuta	Coarse rice	30.0	1.7	9.1	39.5	▶	▶	▲
	Wheat flour	29.0	-4.9	-9.4	23.4	▶	▶	▲
	Soya bean oil	140.0	-3.4	-1.8	69.7	▶	▶	▲
	Musuro	85.0	6.2	25.0	32.8	▲	▲	▲
	Mas (Black gram)	90.0	24.1	12.5	38.5	▲	▲	▲
	Coarse rice	30.0	7.1	-	30.4	▲	-	▲
Rolpa	Wheat flour	n/a	-	-	-4.0	-	-	▶
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	74.0	0	-	13.8	-	-	▶
	Mas (Black gram)	74.0	-	-	-1.3	-	-	▶
Santebagar	Potato-red	20.0	11.1	-	-20	▲	-	▼
	Coarse rice	40.0	0	5.3	66.7	▶	▶	▲
	Wheat flour	35.0	9.4	16.7	16.7	▲	▲	▲
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	70.0	0	0	7.7	▶	▶	▶
	Mas (Black gram)	75	7.1	8.7	-6.2	▲	▶	▶
Jumla	Coarse rice	45.0	0	28.6	7.1	▶	▲	▶
	Wheat flour	55.0	0	19.6	22.2	▶	▲	▲
	Soya bean oil	n/a	-	-	-	-	-	-
	Musuro	80.0	0	0	0	▶	▶	▶
	Mas (Black gram)	80.0	0	0	0	▶	▶	▶
	Potato-red	16.0	6.7	-	28.9	6.7	▲	▼
Hill and Mountain markets without road access								
Humla	Coarse rice	40.0	0	14.3	-	▶	▲	-
	Wheat flour	150	7.1	15.4	-	▲	▲	-
	Soya bean oil	280	0	12.0	-	▶	▲	-
	Musuro	200	11.1	17.6	-	▲	▲	-
	Mas (Black gram)	180	5.8	-	-	▲	-	-
Dolpa	Beans	40	0	-	-	▶	-	-
	Coarse rice	80	6.7	14.3	14.3	▲	▲	▶
	Wheat flour	100	11.1	11.1	11.1	▲	▲	▶
	Soya bean oil	210	5.0	5.0	5.0	▶	▶	▶
	Musuro	n/a	-	-	-	-	-	-
	Mas (Black gram)	140	0	-	-	▶	-	-
Bajura	Beans	100	25.0	-	-	▲	-	-
	Potato	30	0	-	-	▶	-	-
	Coarse rice	n/a	-	-	-	-	-	-
	Wheat flour	47	0	17.5	17.5	▶	▲	▲
	Mustard oil	180	0	12.5	-	▶	▲	-
Bajura	Musuro	100	11.1	-	-	▲	-	-
	Mas (Black gram)	80	-11.1	-	-	▼	-	-
	Beans	n/a	-	-	-	-	-	-

▲ 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.