

Market Watch - 12



Market Watch
March 2009

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

HIGHLIGHTS

- A 13-day bandh in the Terai disrupted markets in Kailali, Banke and Parsa and caused severe supply scarcity and food security distress in various hill and mountain feeder markets including: Ilam, Dadeldhura, Baitadi, Bajhang, Achham, Bajura and Udayapur.
- During the month, nearly 40 percent of hill and mountain markets surveyed had insufficient or depleted supply of coarse rice; mountain markets had no maize while only 15 percent of hill markets had sufficient supply of maize; and nationally only 40 percent of markets had sufficient cooking fuel/ kerosene supply.
- At a national level the price of most key food commodities remained high during March, but were generally stable compared to February.

NATIONAL MARKET DEVELOPMENTS

Price

- At a national level the price of most key food commodities remained high during March, but were generally stable compared to last month. The price of mustard oil, soybean oil, musuro (broken lentil), black gram and coarse rice were all within 3 percent of February prices.
- Compared to last year's prices, musuro is up by 37 percent, coarse rice by 16 percent and soybean oil by 15 percent. The prices of other key commodities are generally still inflated by 4-12 percent. High prices remain of serious concern as Nepal has not experienced any significant price reprieve since the global price spikes of mid 2008.
- Despite price stability at the national level, an average increase of between 2 and 4 percent was experienced for most commodities in the mountain and hill markets (where the majority of food insecure households are located). For instance, the price of mustard oil fell by 5 percent in major markets and 1.5 percent in the Terai, but increased by 2 percent in the mountain and hills.
- Price increases in the mountain and hill districts were largely correlated with increased supply constraints, as outlined below.

Supply

- Across Nepal the combined impact of bandhs, seasonal stock reductions, and other supply constraints resulted in an overall worsening of food stocks - particularly in the mountains and hills. Nearly 40 percent of mountain and hill markets surveyed had insufficient or depleted supply of coarse rice, no mountain markets and only 15 percent of hill markets had sufficient maize supply, and across Nepal only ~40 percent of markets had sufficient cooking fuel supply.
- Bandhs had significant impact on supply, disrupting a number of markets. A 13-day bandh organized by Tharus and other Janajati groups caused particular chaos. The impact of this bandh included blocked supply and restricted trading for up to 13 days in the key Terai markets of Kailali, Banke and Parsa. This led to serious supply constraints and food scarcity in many of the mountain and hill feeder markets including: Ilam, Dadeldhura, Baitadi, Bajhang, Achham, Bajura, Salyanwere, Sindhuli and Udayapur.
- Vegetable stocks were particularly impacted by the 13-day bandh. Traders in Kathmandu reported a reduced supply of around 50 percent, while frustrated farmers in Sarlahi, in the Terai, suffered significant income loss as they were not able to transport their product.
- In addition, government subsidized rice was reportedly unable to reach the markets of Achham and Bajura and WFP food aid was unable to be delivered in districts as far north as Mugu due to blocked fuel supply in the Terai.
- Despite fuel price reductions in February, and a further 2.5 Npr diesel price reduction in March, 93 percent of food traders across Nepal reported either no difference or an increase in transporter costs. This was largely attributed directly to bandhs or the blocked fuel supply caused by bandhs.

MARKET OUTLOOK

- It is anticipated that this year's winter harvest will be significantly impaired by drought. A more detailed joint assessment will be conducted by MoAC, WFP and FAO in April. However, the poor harvest is expected to lead to increased supply concerns and cost of staple commodities over the coming months.

* Prices are taken 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

- Indian media reports indicate that there is a strong likelihood that the 2007 Indian trade ban on wheat may be lifted mid May 2009. This will allow the export of more than two million tons which could help stabilize or reduce the cost of wheat in Nepal and ease some of the supply constraints resulting from a poor Nepalese harvest.

MARKETS/ COMMODITIES WITH LARGEST CHANGE

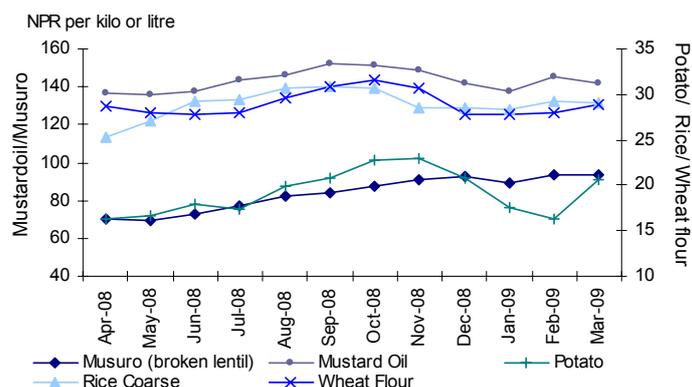
Largest increases in retail prices of key commodities

District or Commodity	Current price NRs/kg/L	% change 1 month	Observation
Potato	Ave. 22.7	Ave. 27%	Increase in price of potatoes reflects both a seasonal increase and substitution due to unavailability of other commodities.
Chicken Kathmandu	165	32%	Bird flu fear has dissipated.

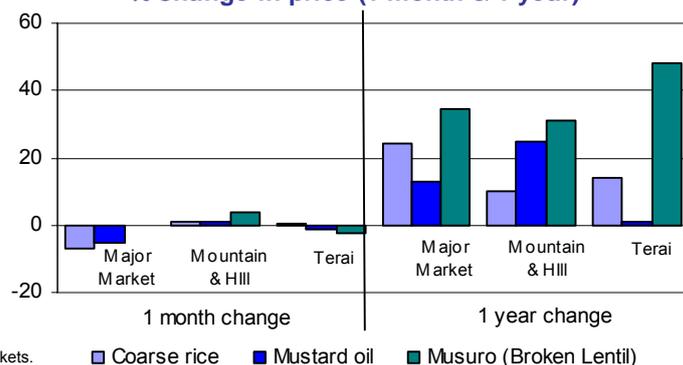
Largest decreases in retail prices of key commodities

District or Commodity	Current price NRs/kg/L	% change 1 month	Observation
Jajarkot Coarse rice	35	-20%	Improved supply compared to last month.
Okhaldunga Blackgram	100	-22%	

Average price over 12 month period*



% Change in price (1 month & 1 year)**



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: www.wfp.org/odan

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	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	-5.6	-15.0	4.6	▼	▼	▶
	Wheat flour	27.0	3.8	3.8	10.2	▶	▶	▶
	Soybean oil	113.0	-6.6	-3.8	-11.0	▼	▶	▶
	Chicken	165.0	32.0	-16.5	6.5	▶	▼	▶
	Mustard oil	127.0	-7.3	-1.2	-10.9	▼	▶	▶
	Mas (black gram)	85.0	0.0	-1.2	16.4	▶	▶	▲
	Musuro	97.0	0.0	-5.8	33.8	▶	▶	▲
	Potato - red	20.0	17.6	2.6	-	▶	▶	-
	Pokhara	Coarse rice	34.0	-8.1	-2.9	44.2	▼	▶
Wheat flour	28.0	0.0	0.0	0.0	▶	▶	▶	
Soybean oil	140.0	12.0	19.1	49.0	▶	▶	▶	
Chicken	200.0	0.0	-14.9	6.4	▶	▼	▶	
Mustard oil	150.0	-3.2	5.3	36.4	▶	▶	▶	
Mas (black gram)	72.0	-10.0	-10.0	-10.0	▼	▶	▶	
Musuro	100.0	0.0	1.0	35.2	▶	▶	▶	
Potato - red	18.0	0.0	-14.3	-	▶	▼	-	
Regional Terai markets								
Biratnagar	Coarse rice	24.0	0.0	6.7	11.1	▶	▶	▶
	Wheat flour	24.0	0.0	-17.0	-12.4	▶	▼	▶
	Soybean oil	118.0	0.0	0.4	-20.3	▶	▶	▼
	Chicken	175.0	0.0	-10.3	-1.7	▶	▼	▶
	Mustard oil	127.0	0.0	-2.3	-15.3	▶	▶	▼
	Mas (black gram)	74.0	0.0	1.4	19.4	▶	▶	▶
	Musuro	90.0	0.0	-1.6	43.3	▶	▶	▶
	Potato - red	10.0	0.0	-52.4	-	▶	▼	-
	Birgunj	Coarse rice	24.0	2.6	-18.1	4.8	▶	▼
Wheat flour	23.0	0.0	-3.4	-7.4	▶	▶	▶	
Soybean oil	110.0	0.0	-13.8	2.3	▶	▼	▶	
Chicken	180.0	0.0	0.0	27.2	▶	▶	▶	
Mustard oil	125.0	0.0	-5.3	0.0	▶	▶	▶	
Mas (black gram)	72.0	8.4	-1.6	10.8	▶	▶	▶	
Musuro	90.0	-4.3	-3.8	40.1	▶	▶	▶	
Potato - red	12.0	33.3	-22.6	20.0	▶	▶	▶	
Nepalgunj	Coarse rice	25.0	4.2	25.0	8.7	▶	▶	▶
Wheat flour	24.5	2.1	10.5	22.5	▶	▶	▶	
Soybean oil	130.0	0.0	18.2	73.3	▶	▶	▶	
Chicken	182.0	1.1	-1.6	13.8	▶	▶	▶	
Mustard oil	135.0	0.0	3.8	17.4	▶	▶	▶	
Mas (black gram)	75.0	7.1	31.6	7.1	▶	▶	▶	
Musuro	95.0	5.6	3.8	72.7	▶	▶	▶	
Potato - red	20.0	66.7	19.4	100	▶	▶	▶	
Dhangadhi	Coarse rice	26.0	0.0	15.6	36.8	▶	▶	▶
Wheat flour	22.0	-8.3	-5.2	7.3	▼	▶	▶	
Soybean oil	110.0	29.4	-14.7	76.0	▶	▼	▶	
Chicken	180.0	5.9	-10.0	22.0	▶	▶	▶	
Mustard oil	130.0	-7.1	-6.5	4.0	▼	▶	▶	
Mas (black gram)	80.0	-28.6	6.7	0.0	▼	▶	▶	
Musuro	100.0	-9.1	11.1	52.7	▼	▶	▶	
Potato - red	13.0	0	-45.5	-	▶	▼	-	

- ▲ 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 available.

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	26.0	-3.7	10.6	8.3	▶	▶	▶	
	Wheat flour	25.0	4.2	4.2	4.2	▶	▶	▶	
	Soybean oil	115.0	-11.5	0.0	-17.9	▼	▶	▼	
	Chicken	160.0	-5.9	-5.9	23.1	▼	▶	▶	
	Mustard oil	150.0	0.0	0.8	0.0	▶	▶	▶	
	Mas (black gram)	70.0	0.0	7.7	16.7	▶	▶	▶	
	Musuro	90.0	-5.3	-5.3	30.9	▼	▶	▶	
	Potato - red	13.0	8.3	57.6	30.0	▶	▶	▶	
	Hill and mountain markets with road access								
Dhankuta	Coarse rice	25.0	4.2	4.2	-3.8	▶	▶	▶	
	Wheat flour	28.0	7.7	5.7	-15.2	▶	▶	▼	
	Soybean oil	120.0	1.7	-7.7	-9.4	▶	▶	▶	
	Chicken	228.0	0.0	-8.8	72.1	▶	▶	▶	
	Mas (black gram)	85.0	6.3	3.0	6.3	▶	▶	▶	
	Musuro	98.0	3.2	-2.0	49.6	▶	▶	▶	
	Potato - red	18.0	28.6	-10.0	-10.0	▶	▶	▶	
	Rolpa	Coarse rice	27.0	-3.6	3.8	3.8	▶	▶	▶
	Wheat flour	33.0	0.0	11.4	17.9	▶	▶	▶	
Soybean oil	135.0	-0.7	0.7	22.7	▶	▶	▶		
Chicken	200.0	2.6	-1.2	25.0	▶	▶	▶		
Mas (black gram)	92.0	7.0	15.0	29.6	▶	▶	▶		
Musuro	96.0	5.5	6.7	37.1	▶	▶	▶		
Potato - red	30.0	25.0	31.9	-	▶	▶	-		
Sanfebagar	Coarse rice	28.0	5.7	12.0	0.0	▶	▶	▶	
Wheat flour	31.0	1.6	3.3	0.0	▶	▶	▶		
Soybean oil	#DIV/0!	-	-	-	-	-	-		
Chicken	192.0	1.1	-23.2	-2.8	▶	▼	▶		
Mas (black gram)	82.0	0.6	2.5	2.5	▶	▶	▶		
Musuro	85.0	3.7	6.3	30.8	▶	▶	▶		
Potato - red	42.0	7.7	-16.0	5.0	▶	▼	▶		
Jumla	Coarse rice	47.0	2.2	4.4	34.3	▶	▶	▶	
Wheat flour	52.0	15.6	15.6	13.0	▶	▶	▶		
Soybean oil	150.0	7.1	0.0	36.4	▶	▶	▶		
Chicken	260.0	4.0	0.0	4.0	▶	▶	▶		
Mas (black gram)	72.0	-2.7	2.9	-10.0	▶	▶	▶		
Musuro	85.0	0.0	6.3	6.3	▶	▶	▶		
Potato - red	30.0	66.7	50.0	100	▶	▶	▶		
Hill and Mountain markets without road access									
Humla	Coarse rice*	35.0	0.0	-12.5	9.4	▶	▼	▶	
	Wheat flour	160.0	0.0	6.7	23.1	▶	▶	▶	
	Soybean oil	280.0	0.0	0.0	27.3	▶	▶	▶	
	Beans	50.0	0.0	11.1	-	▶	▶	-	
	Musuro	250.0	-	-	127	-	-	▶	
	Potato - red	30.0	0.0	20.0	0.0	▶	▶	▶	
	Dolpa	Coarse rice	70.0	0.0	-6.7	16.7	▶	▶	▶
	Wheat flour	90.0	0.0	0.0	0.0	▶	▶	▶	
	Soybean oil	200.0	0.0	0.0	25.0	▶	▶	▶	
Beans	90.0	0.0	-18.2	-	▶	▼	-		
Mas (black gram)	130.0	0.0	-13.3	-	▶	▼	-		
Musuro	170.0	0.0	-2.9	-	▶	▶	-		
Potato - red	25.0	0.0	0.0	0.0	▶	▶	▶		
Bajura	Coarse rice	27.0	0.0	-22.9	-	▶	▼	-	
Wheat flour	42.0	0.0	0.0	-	▶	▶	-		
Beans	-	-	-	-	-	-	-		
Mas (black gram)	80.0	0.0	0.0	-	▶	▶	-		
Musuro	110.0	10.0	0.0	-	▶	▶	-		
Potato - red	35.0	16.7	16.7	-	▶	▶	-		

All price information in this report refers to retail prices.