



# Market Watch 20

December 2009

Jointly produced by:

- WFP – Food Security Monitoring and Analysis Unit
- MoAC – Department of Agriculture, Agribusiness Promotion and Marketing Development Directorate (ABPMDD)
- FNCCI / AEC – Federation of Nepalese Chamber of Commerce and Industries/ Agricultural Enterprise Centre
- CIPF – Consumer Interest Protection Forum



## HIGHLIGHTS

- High food prices remain a significant concern for Nepal. The most recent year-on-year food price inflation figure provided by the Nepal Rastra Bank in November was over 16 percent.
- The price of rice continued to be at the same or higher level even after the recent crop harvest; the prices in most Terai markets are higher by 10 to 40% compared to the same time last year.
- Poor summer harvests domestically and across much of India are a significant factor keeping prices in Nepal high. However, losses in India are not as bad as initially expected and it is likely that the country produced a surplus summer crop. In early January a joint MoAC and WFP mission will confirm loss estimates in Nepal.

## NATIONAL MARKET DEVELOPMENTS

### Price

The price of food grains has generally remained stable across Nepal this month due to increased supply from the summer harvest. In spite of recent harvest, the price of rice continued to be at the same or even higher level. Price of coarse rice in most Terai markets has been higher by 10 to 40% compared to the same time last year.

National food price inflation remains of significant concern. Compared to 12 months ago the price of black-gram is up by 37 percent, wheat flour by 19 percent, musuro (broken lentil) by 17 percent and coarse rice by 11 percent. Cooking oils are the only commodity which has not significantly increased during the past 12 months.

A seasonal increase in the supply of fruit and vegetables has significantly reduced prices across much of the country. For instance, the Kalamati wholesale fruit and vegetable market has experienced a decrease in the price of tomatoes, onion, carrot and cauliflower of around 25 percent during the past one month period.

During December the government lifted the pulse export ban which had been in place since the end of July 2009. Traders are now allowed to export a maximum of 15,000 tons of pulses. The price of lentils appeared to be stable during the period of the export ban, however it is not known whether this was a direct result of the ban.

The price of diesel and kerosene has been increased by three rupees per litre. It now costs fifty-eight rupees per litre.

### Supply

During the period 90 percent of markets surveyed across Nepal reported that the supply situation had remained stable or improved during December. This was a result of both improved road access following the reopening of monsoon damaged transportation routes (particularly in the mid and far-western hills and mountains) and also the ongoing summer crop harvest which re-stocked markets with paddy (and to some extent maize and millet).

However, a number of hill and mountain markets reported ongoing supply constraints, including Bajura, Dailekh, Dolpa, Mugu and Humla. The Kolti region of Bajura is facing a particularly severe shortage of food supply and NFC supply is virtually the only grain stock available in local markets. This is mostly due to the monsoon which caused a severe damage to transportation routes and blocked food transportation for much of the period, and an outbreak of diseases which has affected a large proportion of the mules and donkeys used for food transportation in the region. The Karnali highway was still not fully operational in the reporting period.

Bandhs caused disruption to almost every market surveyed by WFP during December. Almost 70 percent of markets were forced to close at least once during the month. Markets in Kailali and Kanchanpur were closed for 5 days during the month, the main market in Udayapur was closed for 4 days, and markets in Saptari, Siraha, Dailekh, Mugu and Doti were each closed for 3 days during the month. Significant supply disruptions were also noted in the Eastern hill and mountain districts of Mechi.

### Outlook

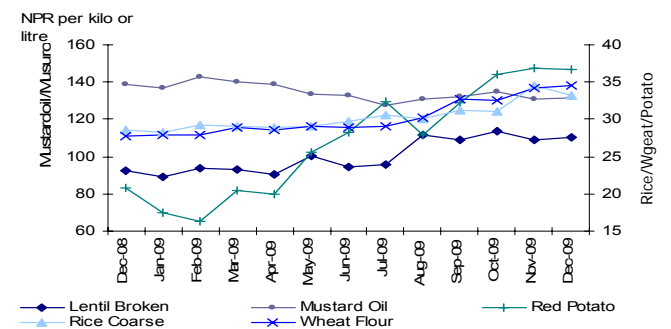
The price of key commodities is expected to increase in the coming months. Price of wheat is likely to rise further until the next harvest in April/May. Although the price of rice has been stable in the past month due to recent harvest, it is likely to rise in the coming months and such increases are likely to continue until the next main harvest in November/December 2010.

## MAJOR PRICE CHANGE (OVER PAST MONTH)

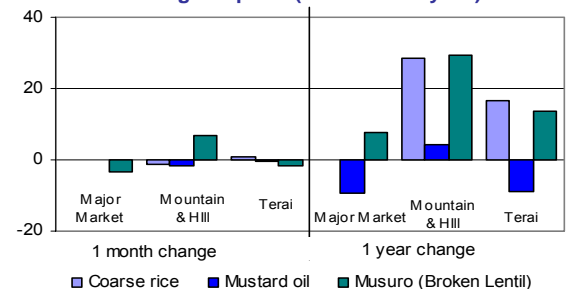
### Largest changes in prices of key commodities

District or Commodity	Price NRs/kg/L	% change 1 month	Observation
Vegetables Kathmandu			
tomatoes	28	20-25%	Improved seasonal supply
cauliflower	37	cheaper	
onion	22		

### Average price over 12 month period\*



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



† Prices relate to the Nepali month of Bhadra.

\* 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 Watch - 20 Major retail commodity prices for December.

Market	Commodity	Current price (NRS per Kg/Lt.)	Change in price (%)*			Average monthly change over		
			1 m	3 m	1 yr	1m	3m	1yr
<b>Major consumer markets</b>								
Kathmandu	Coarse rice	40.0	0.0	2.6	0.0	▶	▶	▶
	Wheat flour	27.0	3.8	3.8	3.8	▶	▶	▶
	Soybean oil	87.0	0.0	-3.3	-26.0	▶	▶	▼
	Chicken	250.0	31.6	-2.0	26.6	▲	▶	▲
	Mustard oil	107.0	0.0	0.0	-16.7	▶	▶	▼
	Mas (black gram)	127.0	8.5	21.0	47.7	▲	▲	▲
	Musuro	105.0	-7.1	-1.9	1.9	▼	▶	▶
	Potato - red	44.0	10.0	10.0	125.6	▲	▶	▲
	Pokhara	Coarse rice	35.0	0.0	-2.8	0.0	▶	▶
Wheat flour	34.0	6.3	9.7	21.4	▲	▶	▲	
Soybean oil	100.0	11.1	-16.7	-14.9	▲	▼	▶	
Chicken	240.0	-4.0	-27.3	2.1	▶	▼	▶	
Mustard oil	140.0	0.0	-6.7	-1.8	▶	▶	▶	
Mas (black gram)	130.0	6.6	30.0	62.5	▲	▲	▲	
Musuro I	112.0	0.0	-6.7	13.1	▶	▶	▶	
Potato - red	45.0	-2.2	12.5	114	▶	▲	▲	
<b>Regional Terai markets</b>								
Biratnagar	Coarse rice	26.0	0.0	0.0	15.6	▶	▶	▲
	Wheat flour	24.6	-1.6	2.5	-14.9	▶	▶	▶
	Soybean oil	90.0	-10.0	-5.3	-23.4	▼	▶	▼
	Chicken	195.0	-25.0	-25.0	0.0	▼	▼	▶
	Mustard oil	128.0	-1.5	-1.5	-1.5	▶	▶	▶
	Mas (black gram)	95.0	0.0	18.8	30.1	▶	▲	▲
	Musuro	100.0	0.0	5.3	9.3	▶	▶	▶
Birgunj	Coarse rice	28.0	0.0	1.4	-4.4	▶	▶	▶
	Wheat flour	24.0	0.0	4.3	0.8	▶	▶	▶
	Soybean oil	104.0	0.0	14.5	-18.5	▶	▲	▼
	Chicken	250.0	13.6	13.6	38.9	▲	▲	▲
	Mustard oil	115.0	0.0	4.5	-12.9	▶	▶	▶
	Mas (black gram)	81.3	0.0	1.6	11.1	▶	▶	▶
	Musuro	100.0	0.0	-3.8	6.8	▶	▶	▶
Nepalgunj	Coarse rice	28.0	3.7	7.7	40.0	▶	▶	▲
	Wheat flour	25.0	0.0	4.2	12.8	▶	▶	▶
	Soybean oil	90.0	0.0	-18.2	-18.2	▶	▼	▼
	Chicken	#DIV/0!	-	-	-	-	-	-
	Mustard oil	108.0	0.0	-20.0	-16.9	▶	▼	▼
	Mas (black gram)	102.0	0.0	21.4	78.9	▶	▲	▲
	Musuro	100.0	0.0	-16.7	9.3	▶	▼	▶
Dhangadhi	Coarse rice	27.1	0.0	4.2	20.4	▶	▶	▲
	Wheat flour	26.0	13.0	4.0	12.1	▲	▶	▶
	Soybean oil	#DIV/0!	-	-	-	-	-	-
	Chicken	300.0	25.0	25.0	50.0	▲	▲	▲
	Mustard oil	120.0	0.0	0.0	-13.7	▶	▶	▶
	Mas (black gram)	126.0	0.8	26.0	68.0	▶	▲	▲
	Musuro	100.0	-9.1	0.0	11.1	▼	▶	▶

▲ 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

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	0.0	0.0	10.6	▶	▶	▶
	Wheat flour	25.0	-7.4	-16.7	4.2	▼	▼	▶
	Soybean oil	90.0	0.0	-4.3	-21.7	▶	▶	▼
	Chicken	280.0	55.6	24.4	64.7	▲	▲	▲
	Mustard oil	150.0	0.0	18.1	0.8	▶	▲	▶
	Mas (black gram)	100.0	0.0	-4.8	53.8	▶	▶	▲
	Musuro	125.0	0.0	19.0	31.6	▶	▲	▲
	Potato - red	35.0	0.0	34.6	324	▶	▲	▲

## Hill and mountain markets with road access

Dhankuta	Coarse rice	26.0	0.0	0.0	8.3	▶	▶	▶
	Wheat flour	29.0	-3.3	-3.3	9.4	▶	▶	▶
	Soybean oil	100.0	0.0	-9.1	-23.1	▶	▶	▼
	Chicken	213.0	-33.4	-33.0	-14.8	▼	▼	▶
	Mas (black gram)	100.0	0.0	5.3	21.2	▶	▶	▲
	Musuro	110.0	0.0	0.0	10.0	▶	▶	▶
	Potato - red	40.0	-11.1	14.3	10	▼	▶	▲
Rolpa	Coarse rice	35.0	0.0	0.0	34.6	▶	▶	▲
	Wheat flour	45.0	0.0	28.6	51.9	▶	▲	▲
	Soybean oil	120.0	-11.1	-7.7	-10.4	▼	▶	▶
	Chicken	220.0	-15.4	-12.0	8.6	▼	▼	▶
	Mas (black gram)	120.0	20.0	20.0	50.0	▲	▲	▲
	Musuro	120.0	33.3	4.3	33.3	▲	▶	▲
Sanfegagar	Coarse rice	30.0	0.0	0.0	20.0	▶	▶	▲
	Wheat flour	30.0	0.0	-42.3	0.0	▶	▼	▶
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	120.0	0.0	20.0	50.0	▶	▲	▲
Jumla	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	90.0	0.0	50.0	100	▶	▲	▲
	Soybean oil	160.0	0.0	0.0	6.7	▶	▶	▶
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	90.0	0.0	-18.2	28.6	▶	▼	▲
	Musuro	120.0	0.0	0.0	50.0	▶	▶	▲

## Hill and Mountain markets without road access

Humla	Coarse rice*	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	300.0	0.0	0.0	7.1	▶	▶	▶
	Beans	70.0	40.0	0.0	55.6	▲	▶	▲
	Musuro	-	-	-	-	-	-	-
Dolpa	Coarse rice	90.0	0.0	0.0	20.0	▶	▶	▲
	Wheat flour	105.0	0.0	5.0	16.7	▶	▶	▲
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶
	Beans	125.0	0.0	4.2	13.6	▶	▶	▶
	Mas (black gram)	170.0	0.0	0.0	13.3	▶	▶	▶
	Musuro	200.0	0.0	0.0	14.3	▶	▶	▶
Bajura	Coarse rice	50.0	11.1	11.1	42.9	▲	▲	▲
	Wheat flour	46.0	9.5	2.2	9.5	▲	▶	▶
	Beans	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	130.0	-	18.2	18.2	-	▲	▲

