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- WFP** – World Food Programme Nepal
- MoAC** – 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 Interest Protection Forum



# Market Watch 30

June 2011†

## HIGHLIGHTS

- The price of staple cereals has remained relatively stable. The average price of coarse rice has increased by a nominal 0.9 percent, while that of wheat flour has decreased by 1.2 percent in the past one month.**
- The annual cereal crop production in 2010/11 increased by 10.9 percent compared to last year, resulting in a total of 110,634 MT edible cereal grain surplus (2% of national requirements). However, Far-Western hill and mountain and most of the districts in the Karnali region are still food deficit.**
- Markets in most of the Terai and some of the hill and mountain districts have good stock of essential food commodities so far.**

## NATIONAL MARKET DEVELOPMENTS

### Price

In the markets regularly monitored by MoAC and WFP, the national average price of most of the commodities remained stable in the month of June compared to May. The average price of coarse was Rs. 35.4 per kg, while that of wheat flour and potato were Rs. 35.3 and Rs. 21.7 per kilo respectively. In the last quarter, the national average prices of mustard oil and coarse rice increased by 3.0% and 2.2% respectively, while that of broken lentil, black gram and wheat flour decreased by 9.1%, 6.8% and 4.9% respectively.

In major consumer markets, the average price of coarse rice increased by 1.3%, while that of wheat flour remained same. The average price of coarse rice increased by 2.8% in mountain & hill markets with road access and by 0.8% in Terai markets compared to last month (May). The price of coarse rice in mountain markets without road access such as Dolpa remained high and stable at Rs.95.0 per kilo. However, the average price of wheat flour decreased by 2.2% in mountain & hill, and by 0.9% in Terai markets compared to last month. In the wholesale market monitored by FNCCI/AEC, the average price of coarse rice from 5 large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadi) increased by 12.6% to Rs. 33.1 in June 2011 compared to last month.

The y-o-y price inflation in mid-May 2011 remained at 9.5 % compared to 8.8 % in the previous period. The food and beverage price index increased by 16.0 %, while the index of vegetable sub groups increased by the highest rate of 48.3% compared to 3.8% decline in the previous period.

Petrol price in Nepal increased from Rs. 97 in March to Rs. 102 per litre in May 2011. Continuous rise in petroleum prices is leading to corresponding increase in food transportation costs. As a result, the y-o-y transport price index in mid-May 2011 rose by 10.1% compared to the previous period.

### Supply

The annual cereal crop production increased by 10.9% in 2010/11, resulting in a total of 110,634 MT surplus in edible food grain (2% of requirement) as opposed to 330,000 MT deficit (6% of requirement) in 2009/2010. As a result of better harvest across the country, food stocks have increased in most of the Terai and some of the hill and mountain districts compared to last year. As per the report from WFP Field Monitors, traders have stockpiled commodities to prepare for likely disruption of supplies during monsoon.

### Outlook

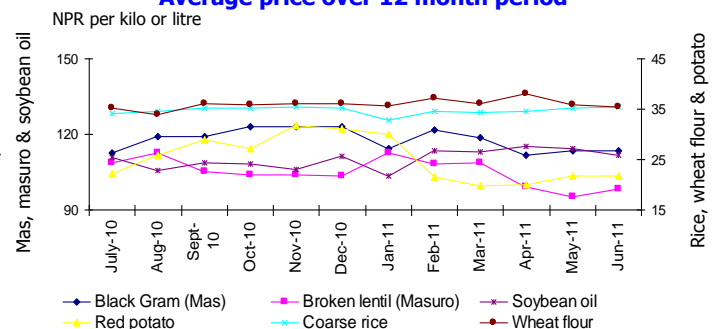
Price of wheat flour is likely to be stable in the next month, while prices of coarse rice and lentils are likely to increase until the next harvest which is normally expected in October/November.

The recent rise of fuel prices in India will likely affect the fuel prices in Nepal, contributing to a rise in food prices. In addition, disruption of road transportation due to natural hazards such as landslides and floods in the monsoon is likely to put upward pressure on food prices in hill and mountain markets.

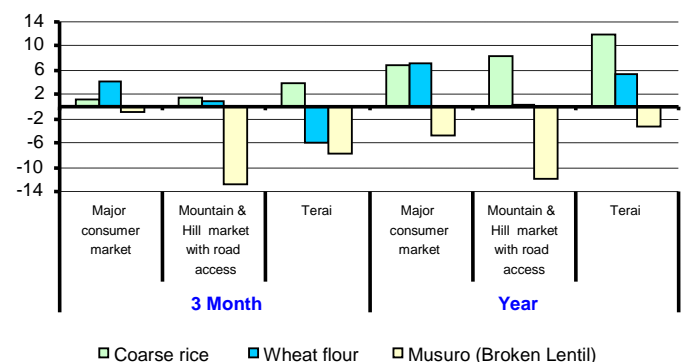
### Largest increases in prices of key commodities

| District or Commodity                  | Price Rs/kg | % change 1 month | Observation                                      |
|--|-------------|------------------|--|
| Vegetables & fruits (Kathmandu valley) | various     | 15.20%           | Increase in demand and low supply due to monsoon |

### Average price over 12 month period\*



### Percentage change in prices\*\* (3 month & year)



† Prices relate to the Nepali month of Jestha.

\* 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 - 30 Major retail commodity prices for June.

| 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      | 35.0                           | 2.9                  | 2.9   | 2.9   | ▶                           | ▶  | ▶   |
|                               | Wheat flour      | 36.0                           | 0.0                  | 2.9   | 5.9   | ▶                           | ▶  | ▶   |
|                               | Soybean oil      | 97.0                           | -16.4                | -14.2 | 7.8   | ▼                           | ▼  | ▶   |
|                               | Chicken          | 207.0                          | -15.5                | -15.5 | 13.1  | ▼                           | ▼  | ▶   |
|                               | Mustard oil      | 107.0                          | -10.8                | -15.7 | 7.0   | ▼                           | ▼  | ▶   |
|                               | Mas (black gram) | 113.0                          | -1.7                 | -9.6  | 2.7   | ▶                           | ▶  | ▶   |
|                               | Musuro           | 100.0                          | 5.3                  | -4.8  | 0.0   | ▲                           | ▶  | ▶   |
|                               | Potato           | 19.0                           | -9.5                 | -17.4 | -36.7 | ▼                           | ▼  | ▼   |
| Pokhara                       | Coarse rice      | 42.0                           | 0.0                  | 0.0   | 10.5  | ▶                           | ▶  | ▶   |
|                               | Wheat flour      | 38.0                           | 0.0                  | 5.6   | 8.6   | ▶                           | ▶  | ▶   |
|                               | Soybean oil      | 120.0                          | 4.3                  | 4.3   | 14.3  | ▶                           | ▶  | ▶   |
|                               | Chicken          | 260.0                          | 0.0                  | -16.1 | -27.8 | ▶                           | ▼  | ▼   |
|                               | Mustard oil      | 140.0                          | 1.4                  | 0.0   | 0.0   | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 115.0                          | 4.5                  | 4.5   | -8.0  | ▶                           | ▶  | ▶   |
|                               | Musuro           | 95.0                           | 3.3                  | 3.3   | -9.5  | ▶                           | ▶  | ▶   |
|                               | Potato           | 21.0                           | 9.4                  | 9.4   | -30.0 | ▲                           | ▶  | ▼   |
| <b>Regional Terai markets</b> |                  |                                |                      |       |       |                             |    |     |
| Biratnagar                    | Coarse rice      | 31.0                           | 0.0                  | 0.0   | 10.7  | ▶                           | ▶  | ▶   |
|                               | Wheat flour      | 30.0                           | 0.0                  | 3.4   | 7.1   | ▶                           | ▶  | ▶   |
|                               | Soybean oil      | 105.0                          | 0.0                  | 0.0   | 10.5  | ▶                           | ▶  | ▶   |
|                               | Chicken          | 265.0                          | 0.0                  | -11.7 | 6.9   | ▶                           | ▼  | ▶   |
|                               | Mustard oil      | 130.0                          | 0.0                  | 4.0   | 10.2  | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 90.0                           | 0.0                  | -17.4 | -1.7  | ▶                           | ▼  | ▶   |
|                               | Musuro           | 75.0                           | 0.0                  | -6.3  | -16.7 | ▶                           | ▶  | ▼   |
| Birgunj                       | Coarse rice      | 35.0                           | -2.8                 | 6.1   | 2.9   | ▶                           | ▶  | ▶   |
|                               | Wheat flour      | 26.0                           | -3.7                 | -23.5 | -1.5  | ▶                           | ▼  | ▶   |
|                               | Soybean oil      | 118.0                          | 0.0                  | 2.6   | 18.0  | ▶                           | ▶  | ▲   |
|                               | Chicken          | 240.0                          | 0.0                  | 9.1   | 0.0   | ▶                           | ▶  | ▶   |
|                               | Mustard oil      | 130.0                          | 0.0                  | 0.0   | 8.3   | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 90.0                           | -8.2                 | -10.0 | -10.0 | ▼                           | ▶  | ▶   |
|                               | Musuro           | 80.0                           | -5.9                 | -7.0  | -20.0 | ▼                           | ▶  | ▼   |
| Nepalgunj                     | Coarse rice      | -                              | -                    | -     | -     | -                           | -  | -   |
|                               | Wheat flour      | -                              | -                    | -     | -     | -                           | -  | -   |
|                               | Soybean oil      | -                              | -                    | -     | -     | -                           | -  | -   |
|                               | Chicken          | -                              | -                    | -     | -     | -                           | -  | -   |
|                               | Mustard oil      | -                              | -                    | -     | -     | -                           | -  | -   |
|                               | Mas (black gram) | -                              | -                    | -     | -     | -                           | -  | -   |
|                               | Musuro           | -                              | -                    | -     | -     | -                           | -  | -   |
| Dhangadhi                     | Coarse rice      | 38.0                           | 5.6                  | 8.6   | 35.7  | ▲                           | ▶  | ▲   |
|                               | Wheat flour      | 30.0                           | 0.0                  | 0.0   | 20.0  | ▶                           | ▶  | ▲   |
|                               | Soybean oil      | 100.0                          | 0.0                  | 0.0   | 6.4   | ▶                           | ▶  | ▶   |
|                               | Chicken          | 200.0                          | -20.0                | -23.1 | -20.0 | ▼                           | ▼  | ▼   |
|                               | Mustard oil      | 134.0                          | 3.1                  | -2.9  | 11.7  | ▶                           | ▶  | ▶   |
|                               | Mas (black gram) | 134.0                          | 0.8                  | 11.7  | -4.3  | ▶                           | ▲  | ▶   |
|                               | Musuro           | 100.0                          | 5.3                  | -9.1  | 0.0   | ▲                           | ▶  | ▶   |
| Potato                        | 18.0             | 0.0                            | 20.0                 | 20.0  | ▶     | ▲                           | ▲  |     |

▲ 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      | 28.0                           | 0.0                  | 0.0  | -3.4 | ▶                           | ▶  | ▶   |
|            | Wheat flour      | 25.0                           | 0.0                  | 0.0  | 4.2  | ▶                           | ▶  | ▶   |
|            | Soybean oil      | 110.0                          | 0.0                  | 15.8 | 22.2 | ▶                           | ▲  | ▲   |
|            | Chicken          | 240.0                          | 0.0                  | -7.7 | 20.0 | ▶                           | ▶  | ▲   |
|            | Mustard oil      | 150.0                          | 0.0                  | -3.2 | 0.0  | ▶                           | ▶  | ▶   |
|            | Mas (black gram) | 130.0                          | 0.0                  | -8.5 | 18.2 | ▶                           | ▶  | ▲   |
|            | Musuro           | 120.0                          | 0.0                  | -7.7 | 9.1  | ▶                           | ▶  | ▶   |
| Potato     | 16.0             | 0.0                            | 6.7                  | 6.7  | ▶    | ▶                           | ▶  |     |

## Hill and mountain markets with road access

|            |                  |       |       |       |       |   |   |   |
|------------|------------------|-------|-------|-------|-------|---|---|---|
| Dhankuta   | Coarse rice      | 35.0  | 6.1   | 9.4   | 9.4   | ▲ | ▶ | ▶ |
|            | Wheat flour      | 32.0  | -8.6  | -5.9  | -3.0  | ▼ | ▶ | ▶ |
|            | Soybean oil      | 120.0 | 0.0   | 0.0   | 20.0  | ▶ | ▶ | ▲ |
|            | Chicken          | 230.0 | -4.2  | -33.3 | -28.1 | ▶ | ▼ | ▼ |
|            | Mas (black gram) | 124.0 | 3.3   | 3.3   | 24.0  | ▶ | ▶ | ▲ |
|            | Musuro           | 79.0  | -1.3  | -12.2 | -21.0 | ▶ | ▼ | ▼ |
|            | Potato           | 22.0  | 10.0  | 10.0  | 10.0  | ▲ | ▶ | ▶ |
| Rolpa      | Coarse rice      | 38.0  | 0.0   | 8.6   | -5.0  | ▶ | ▶ | ▶ |
|            | Wheat flour      | 65.0  | 0.0   | 18.2  | 30.0  | ▶ | ▲ | ▲ |
|            | Soybean oil      | 130.0 | 0.0   | 0.0   | 8.3   | ▶ | ▶ | ▶ |
|            | Chicken          | 280.0 | 0.0   | 3.7   | 3.7   | ▶ | ▶ | ▶ |
|            | Mas (black gram) | 120.0 | 0.0   | 0.0   | 0.0   | ▶ | ▶ | ▶ |
|            | Musuro           | 130.0 | 0.0   | 0.0   | 13.0  | ▶ | ▶ | ▶ |
| Sanfebagar | Coarse rice      | -     | -     | -     | -     | - | - | - |
|            | Wheat flour      | -     | -     | -     | -     | - | - | - |
|            | Soybean oil      | -     | -     | -     | -     | - | - | - |
|            | Chicken          | -     | -     | -     | -     | - | - | - |
|            | Mas (black gram) | -     | -     | -     | -     | - | - | - |
|            | Musuro           | -     | -     | -     | -     | - | - | - |
| Jumla      | Coarse rice      | -     | -     | -     | -     | - | - | - |
|            | Wheat flour      | -     | -     | -     | -     | - | - | - |
|            | Soybean oil      | -     | -     | -     | -     | - | - | - |
|            | Chicken          | -     | -     | -     | -     | - | - | - |
|            | Mas (black gram) | -     | -     | -     | -     | - | - | - |
|            | Musuro           | -     | -     | -     | -     | - | - | - |
| Bajura     | Coarse rice      | 37.0  | 2.8   | 5.7   | 8.8   | ▶ | ▶ | ▶ |
|            | Wheat flour      | 36.0  | 0.0   | 0.0   | -21.7 | ▶ | ▶ | ▼ |
|            | Soybean oil      | -     | -     | -     | -     | - | - | - |
|            | Mas (black gram) | 105.0 | 0.0   | -12.5 | -19.2 | ▶ | ▼ | ▼ |
|            | Musuro           | 105.0 | 0.0   | -12.5 | -19.2 | ▶ | ▼ | ▼ |
|            | Potato           | 25.0  | -16.7 | 0.0   | -28.6 | ▼ | ▶ | ▼ |

## Hill and Mountain markets without road access

|        |                  |       |      |       |      |   |   |   |
|--------|------------------|-------|------|-------|------|---|---|---|
| Humla  | Coarse rice*     | 40.0  | 0.0  | 0.0   | 2.6  | ▶ | ▶ | ▶ |
|        | Wheat flour      | 230.0 | 0.0  | 76.9  | -4.2 | ▶ | ▲ | ▶ |
|        | Soybean oil      | 280.0 | 0.0  | 0.0   | -6.7 | ▶ | ▶ | ▶ |
|        | Beans            | 100.0 | 0.0  | -16.7 | 5.3  | ▶ | ▼ | ▶ |
|        | Mas (black gram) | -     | -    | -     | -    | - | - | - |
|        | Musuro           | -     | -    | -     | -    | - | - | - |
| Potato | 30.0             | 0.0   | 0.0  | -14.3 | ▶    | ▶ | ▶ |   |
| Dolpa  | Coarse rice      | 95.0  | 0.0  | 0.0   | 5.6  | ▶ | ▶ | ▶ |
|        | Wheat flour      | 110.0 | 0.0  | 0.0   | 0.0  | ▶ | ▶ | ▶ |
|        | Soybean oil      | 200.0 | 0.0  | 0.0   | 0.0  | ▶ | ▶ | ▶ |
|        | Beans            | 150.0 | 0.0  | 0.0   | 0.0  | ▶ | ▶ | ▶ |
|        | Mas (black gram) | 170.0 | 0.0  | 0.0   | 0.0  | ▶ | ▶ | ▶ |
|        | Musuro           | 200.0 | 0.0  | 0.0   | 0.0  | ▶ | ▶ | ▶ |
| Potato | 40.0             | 0.0   | 14.3 | -20.0 | ▶    | ▲ | ▼ |   |

