



Market Watch 36

December 2011†

Jointly produced by:

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's Interest Protection Forum



HIGHLIGHTS

- **Recently harvested 2011 summer crop has resulted in a seasonal decline in the price of coarse rice, while the lean season has slightly pushed up the prices of wheat flour and edible oils over the past one month.**
- **According to the latest report released by Nepal Rastra Bank in mid-November 2011, the index of food and beverage increased by 8.4 percent compared to an 13.3 percent increase on the same period last year.**
- **Despite few bandhs and transport obstructions, supply situation is so far normal across the country.**

NATIONAL MARKET DEVELOPMENT

Price

Prices of most commodities monitored by MoAC and WFP slightly declined in December compared to November 2011, particularly newly harvested summer crops. The national average price of coarse rice dropped by 5.7 percent to Rs. 33.3 per kilo, while that of wheat flour increased by a nominal 1.7 percent to Rs. 35.2 per kilo compared to November 2011. Prices of black gram and broken lentil slightly went up by 1.7 percent to Rs. 110.2 per kilo and 2.5 percent to Rs.92.3 per kilo respectively. Likewise, the price of soya bean oil increased by 3.5 percent to 125.9 per liter. The largest decline is observed in the price of potato (about 25 percent to Rs.26.5 per kilo) during the past one month. Compared to September 2011, most prices are in declining trend with an exception of the price of edible oils. Compared to December 2010, prices of staple foods and pulses show a downward trend, while that of edible oils show an upward trend.

Variation in the food price is observed in different markets. For instance, price of coarse rice remained the same in the major consumer markets, while it declined by 3.7 percent in the mountain and hill markets with road access and by 12.9 percent in the Terai markets, due to the recent bumper harvest. However, the lean season slightly pushed up prices of edible oils in all markets compared to last month. Wholesale prices monitored by FNCCI/AEC in the five large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi) show 5.4 percent decline in coarse rice and 7.4 percent increase in soya bean oil in the past one month.

The year-on-year inflation recently released by Nepal Rastra Bank in mid-November 2011 shows a nominal of 8.5 percent increase compared to an 8.4 percent increase on the same period last year, while the price index of food & beverage increased only by 8.4 percent compared to an 13.3 percent increase on the same period last year.

Supply

The supply situation across the country is so far good due to the recent harvest of summer crops and smooth operation of transportation services. However, transportation services were obstructed for a couple of days due to indefinite general strike called by Federal Limbuwan State Council in the nine districts of east of the Arun river, but its impact on food security was not so significant because of a good stock of food commodities from a recent harvest of summer crops. Recent crisis in the delivery of petroleum products will likely affect a smooth operation of transportation services, thereby obstructing food supply, particularly in the mountain and hill markets. This needs to be monitored closely.

Outlook

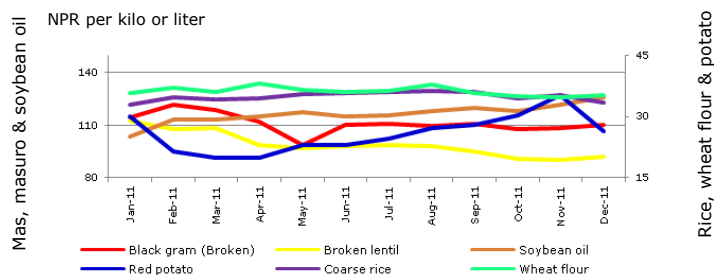
Food price like coarse rice is likely to decline due to recent harvest, while prices of lean season commodities such as wheat flour and edible oils are likely to increase in the next month. The expected rise of petroleum prices is likely to contribute to the increase of transport cost, which may result in increasing food prices.

Outlook of winter crops is so far good due to the extension of monsoon and timely rainfall, indicating a favourable winter crop production.

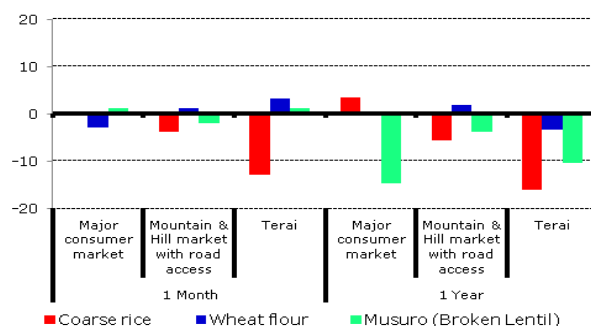
Largest changes in prices of key commodities

| Commodity | Price Rs/kg or liter | % change 1 month | Observation |
|-------------|----------------------|------------------|---|
| Potato | 26.5 | -24.8 | Increase in supply due to harvest of early winter potato. |
| Coarse rice | 33.3 | -5.7 | Increase in supply due to recent good harvest . |

Average price over 12 month period*



Percentage change in prices** (1 month & 1 year)



† Prices relate to the Nepali month of Marga 2068.

* 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 monthly change over | | |
|-------------------------------|------------------|--------------------------------|----------------------|-------|-------|-----------------------------|----|-----|
| | | | 1 m | 3 m | 1 yr | 1m | 3m | 1yr |
| Major consumer markets | | | | | | | | |
| Kathmandu | Coarse rice | 35.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Wheat flour | 35.0 | 0.0 | -2.8 | 2.9 | ▶ | ▶ | ▶ |
| | Soybean oil | 120.0 | -2.4 | -4.0 | 12.1 | ▶ | ▶ | ▶ |
| | Chicken | 165.0 | -29.8 | -31.3 | -17.5 | ▼ | ▼ | ▼ |
| | Mustard oil | 133.0 | 0.0 | 3.1 | 17.7 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 105.0 | 0.0 | 0.0 | -12.5 | ▶ | ▶ | ▶ |
| | Musuro | 83.0 | 7.8 | -12.6 | -14.4 | ▶ | ▶ | ▶ |
| | Potato | 25.0 | -41.9 | -16.7 | -41.9 | ▼ | ▼ | ▼ |
| Pokhara | Coarse rice | 45.0 | 0.0 | 0.0 | 7.1 | ▶ | ▶ | ▶ |
| | Wheat flour | 33.0 | -5.7 | -5.7 | -2.9 | ▶ | ▶ | ▶ |
| | Soybean oil | 122.0 | 1.7 | 1.7 | 10.9 | ▶ | ▶ | ▶ |
| | Chicken | 210.0 | -14.6 | -22.2 | -16.0 | ▼ | ▼ | ▼ |
| | Mustard oil | 148.0 | 2.1 | 2.1 | 5.7 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 110.0 | -4.3 | 1.9 | -12.0 | ▶ | ▶ | ▶ |
| | Musuro | 85.0 | -5.6 | -10.5 | -15.0 | ▶ | ▶ | ▶ |
| | Potato | 28.8 | 2.1 | -7.7 | -12.7 | ▶ | ▶ | ▶ |
| Regional Terai markets | | | | | | | | |
| Biratnagar | Coarse rice | 28.0 | -15.2 | 0.0 | -17.6 | ▼ | ▶ | ▶ |
| | Wheat flour | 30.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Soybean oil | 120.0 | -4.0 | -1.6 | 14.3 | ▶ | ▶ | ▶ |
| | Chicken | 240.0 | 0.0 | 0.0 | -13.0 | ▶ | ▶ | ▶ |
| | Mustard oil | 148.0 | 5.7 | 5.7 | 20.3 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 105.0 | 5.0 | -4.5 | -18.0 | ▶ | ▶ | ▶ |
| | Musuro | 75.0 | 0.0 | 0.0 | -8.5 | ▶ | ▶ | ▶ |
| | Potato | 19.0 | -45.7 | -13.6 | -42.8 | ▼ | ▼ | ▼ |
| Birgunj | Coarse rice | 24.0 | -22.6 | -31.4 | -41.5 | ▼ | ▶ | ▶ |
| | Wheat flour | 32.0 | 6.7 | 3.2 | -8.6 | ▶ | ▶ | ▶ |
| | Soybean oil | 130.0 | 0.0 | 0.0 | 18.2 | ▶ | ▶ | ▶ |
| | Chicken | 240.0 | 0.0 | 0.0 | -7.7 | ▶ | ▶ | ▶ |
| | Mustard oil | 135.0 | -3.6 | -3.6 | 8.0 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 92.0 | 0.0 | -2.1 | -20.7 | ▶ | ▶ | ▶ |
| | Musuro | 70.0 | -6.7 | -18.6 | -25.5 | ▶ | ▶ | ▶ |
| | Potato | 22.0 | -38.9 | 4.8 | -45.0 | ▼ | ▶ | ▶ |
| Nepalgunj | Coarse rice | 25.0 | -16.7 | -16.7 | -19.4 | ▼ | ▶ | ▶ |
| | Wheat flour | 25.0 | 2.8 | 4.2 | -19.4 | ▶ | ▶ | ▶ |
| | Soybean oil | 130.0 | 11.4 | 13.0 | 44.4 | ▶ | ▶ | ▶ |
| | Chicken | 250.0 | 0.0 | 0.0 | 4.2 | ▶ | ▶ | ▶ |
| | Mustard oil | 160.0 | 10.3 | 18.5 | 33.3 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 81.7 | -3.9 | -6.1 | -3.9 | ▶ | ▶ | ▶ |
| | Musuro | 70.0 | 0.0 | 0.0 | -17.6 | ▶ | ▶ | ▶ |
| | Potato | 20.0 | -33.3 | 0.0 | -40.0 | ▼ | ▶ | ▶ |
| Dhangadhi | Coarse rice | 36.0 | 2.9 | -14.3 | 14.6 | ▶ | ▶ | ▶ |
| | Wheat flour | 31.0 | 3.3 | -3.1 | 14.8 | ▶ | ▶ | ▶ |
| | Soybean oil | 105.0 | 5.0 | 0.0 | 5.0 | ▶ | ▶ | ▶ |
| | Chicken | 250.0 | 2.5 | 4.2 | 0.0 | ▶ | ▶ | ▶ |
| | Mustard oil | 140.0 | 3.7 | 2.2 | 12.0 | ▶ | ▶ | ▶ |
| | Mas (black gram) | 140.0 | 7.7 | -5.4 | -10.5 | ▶ | ▶ | ▶ |
| | Musuro | 110.0 | 11.1 | 17.0 | 10.0 | ▶ | ▶ | ▶ |
| | Potato | 20.0 | -33.3 | -33.3 | 0.0 | ▼ | ▶ | ▶ |

▲ 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 | - | - | - | - | - | - | - | |
| | Wheat flour | - | - | - | - | - | - | - | |
| | Soybean oil | - | - | - | - | - | - | - | |
| | Chicken | - | - | - | - | - | - | - | |
| | Mustard oil | - | - | - | - | - | - | - | |
| | Mas (black gram) | - | - | - | - | - | - | - | |
| | Musuro | - | - | - | - | - | - | - | |
| | Potato | - | - | - | - | - | - | - | |
| Hill and mountain markets with road access | | | | | | | | | |
| Dhankuta | Coarse rice | 30.0 | -3.2 | -6.3 | -14.3 | ▶ | ▶ | ▶ | |
| | Wheat flour | 36.0 | 12.5 | 12.5 | 5.9 | ▶ | ▶ | ▶ | |
| | Soybean oil | 130.0 | 4.0 | 4.8 | 21.5 | ▶ | ▶ | ▶ | |
| | Chicken | 240.0 | -20.0 | -20.0 | -23.8 | ▶ | ▶ | ▶ | |
| | Mas (black gram) | 120.0 | 0.0 | 13.2 | 0.0 | ▶ | ▶ | ▶ | |
| | Musuro | 85.0 | 0.0 | 7.6 | -7.6 | ▶ | ▶ | ▶ | |
| | Potato | 25.0 | -37.5 | -28.6 | -16.7 | ▶ | ▶ | ▶ | |
| | Rolpa | Coarse rice | - | - | - | - | - | - | - |
| Wheat flour | | - | - | - | - | - | - | - | |
| Soybean oil | | - | - | - | - | - | - | - | |
| Chicken | | - | - | - | - | - | - | - | |
| Mas (black gram) | | - | - | - | - | - | - | - | |
| Musuro | | - | - | - | - | - | - | - | |
| Potato | | - | - | - | - | - | - | - | |
| Sambabagar | | Coarse rice | 35.0 | -7.9 | 0.0 | -2.8 | ▶ | ▶ | ▶ |
| | Wheat flour | 35.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Chicken | 280.0 | 0.0 | 12.0 | -15.2 | ▶ | ▶ | ▶ | |
| | Mustard oil | 150.0 | 7.1 | 7.1 | 15.4 | ▶ | ▶ | ▶ | |
| | Mas (black gram) | 120.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Musuro | 120.0 | 9.1 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Potato | 35.0 | -12.5 | 16.7 | -12.5 | ▶ | ▶ | ▶ | |
| | Jumla | Coarse rice | 45.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| Wheat flour | | 60.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| Soybean oil | | 140.0 | 0.0 | 0.0 | -12.5 | ▶ | ▶ | ▶ | |
| Chicken | | 320.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| Mas (black gram) | | 100.0 | 0.0 | 0.0 | -9.1 | ▶ | ▶ | ▶ | |
| Musuro | | 100.0 | 0.0 | 0.0 | - | ▶ | ▶ | ▶ | |
| Potato | | 35.0 | 0.0 | 0.0 | 75.0 | ▶ | ▶ | ▶ | |
| Bajura | | Coarse rice | 30.0 | -3.2 | -18.9 | - | ▶ | ▶ | ▶ |
| | Wheat flour | 35.0 | -7.9 | -20.5 | - | ▶ | ▶ | ▶ | |
| | Beans | 100.0 | -16.7 | -16.7 | - | ▶ | ▶ | ▶ | |
| | Mas (black gram) | 100.0 | -16.7 | -16.7 | - | ▶ | ▶ | ▶ | |
| | Musuro | 100.0 | -16.7 | -16.7 | - | ▶ | ▶ | ▶ | |
| | Potato | 30.0 | 0.0 | 20.0 | - | ▶ | ▶ | ▶ | |
| | Humta | Coarse rice* | 40.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | | Wheat flour | 240.0 | 4.3 | 4.3 | -4.0 | ▶ | ▶ | ▶ |
| Soybean oil | | 280.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| Beans | | 100.0 | 0.0 | 0.0 | 33.3 | ▶ | ▶ | ▶ | |
| Mas (black gram) | | - | - | - | - | - | - | - | |
| Musuro | | - | - | - | - | - | - | - | |
| Potato | | 30.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| Dolpa | | Coarse rice | 95.0 | -5.0 | -5.0 | 5.6 | ▶ | ▶ | ▶ |
| | Wheat flour | 130.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Soybean oil | 200.0 | -13.0 | -13.0 | 0.0 | ▶ | ▶ | ▶ | |
| | Beans | 200.0 | 0.0 | 0.0 | 33.3 | ▶ | ▶ | ▶ | |
| | 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 | 0.0 | 33.3 | ▶ | ▶ | ▶ | |

Hill and Mountain markets without road access

| | | | | | | | | |
|------------------|------------------|-------------|-------|-------|------|-----|---|---|
| Humta | Coarse rice* | 40.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Wheat flour | 240.0 | 4.3 | 4.3 | -4.0 | ▶ | ▶ | ▶ |
| | Soybean oil | 280.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Beans | 100.0 | 0.0 | 0.0 | 33.3 | ▶ | ▶ | ▶ |
| | Mas (black gram) | - | - | - | - | - | - | - |
| | Musuro | - | - | - | - | - | - | - |
| | Potato | 30.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| | Dolpa | Coarse rice | 95.0 | -5.0 | -5.0 | 5.6 | ▶ | ▶ |
| Wheat flour | | 130.0 | 0.0 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| Soybean oil | | 200.0 | -13.0 | -13.0 | 0.0 | ▶ | ▶ | ▶ |
| Beans | | 200.0 | 0.0 | 0.0 | 33.3 | ▶ | ▶ | ▶ |
| 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 | 0.0 | 33.3 | ▶ | ▶ | ▶ |