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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's Interest Protection Forum



# Market Watch 38

February 2012<sup>†</sup>

## HIGHLIGHTS

- **Prices of most monitored food commodities remained stable over the past four months which indicate normal functioning of commodity markets across the country.**
- **According to the latest report of Nepal Rastra Bank, inflation remained at 6.8 percent in mid-January 2012, while the index of food and beverage increased only by 4.0 percent compared to 17.6 percent in the same period last year.**

## NATIONAL MARKET DEVELOPMENT

### Price

Food prices regularly monitored by MoAC and WFP remained relatively stable over the past one month. National average price of coarse rice slightly increased by 2.2 percent to Rs.33.5 per kilo, while that of wheat flour nominally declined by 0.7 percent to Rs. 34.9 per kilo. Prices of black gram and broken lentil went down by 0.2 percent to Rs.109.8 per kilo and by 2.3 percent to Rs. 94.0 per kilo respectively. This decline is mainly derived from the decrease in prices of these commodities in the hill and mountain markets as a result of improved seasonal road access. The price of red potato has remained stable after a continuous decline since last two consecutive months. Compared to November 2011, most prices indicate an upward trend with few exceptions of coarse rice and red potato, while compared to February 2011, most prices show a declining trend except for an upward trend of soybean oil and red potato.

Compared to January 2012, most prices remained low in the hill and mountain markets, while in the major consumer and Terai markets, most prices showed a nominal fluctuation. In the five large wholesale markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi) regularly monitored by FNCCI/AEC, most prices show an upward trend over the past one month.

Nepal Oil Corporation (NOC) hiked again prices of petrol and diesel/kerosene from Rs. 112.0 and Rs. 81.0 per liter in January 2012 to Rs.116.0 and Rs. 85.0 per liter in February 2012 respectively. Continuous rise of fuel prices is a major concern as it is anticipated to contribute to an increase in transport costs, thereby raising food prices.

According to the latest report released by the Nepal Rastra Bank in mid-January 2012, inflation has gone down to a four-year low of 6.8 percent, which was at 6.4 percent in February 2008. Such a record low is mainly contributed by the continuous decline in food prices. For instance, the index of food and beverage increased only by 4.0 percent compared to an 17.6 percent increase in the same period last year, while indices of cereal grains nominally increased by 0.6 percent. However, the index of transport increased by 17.1 percent compared to 11.1 percent in the same period last year.

### Supply

Markets across the country appear to be functioning smoothly because of improved access to roads and trails even in the hill and mountain markets. In February 2012, there were a few localized bandhs in Rapti-Bheri and Far-Western region, but their impact on food supply situation was nominal because the bandhs had less effect on public transport.

### Outlook

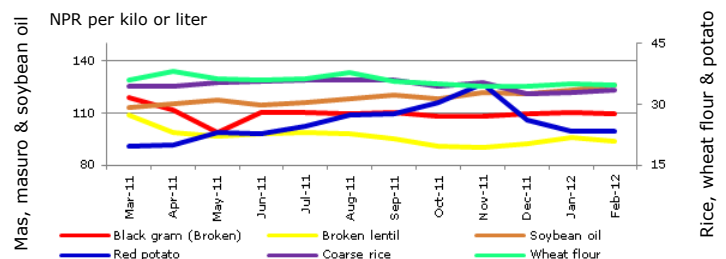
The continuous rise of fuel prices will likely increase transport costs, thereby contributing to the rise of food prices in the future. Moreover, prices of vegetables such as potato, tomato, broccoli and green peas are also likely to increase in the next month due to near end of their production season.

Outlook of winter crops is so far normal across the country, thus expecting a normal production. This will likely improve the national food balance.

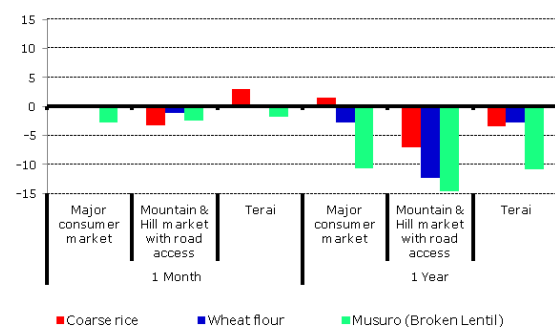
### Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1 month	Observation
Fuel	various	3.6-4.9	Global price rise. To curtail continuous loss of NOC.
Vegetables	various	Rs.4-10/kg	Decline in supply due to approaching lean season.

### Average price over 12 month period\*



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



<sup>†</sup> Prices relate to the Nepali month of Magh 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
<b>Major consumer markets</b>								
Kathmandu	Coarse rice	35.0	0.0	0.0	2.9	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	2.9	▶	▶	▶
	Soybean oil	133.0	0.0	8.1	13.7	▶	▶	▶
	Chicken	190.0	-7.3	-19.1	-19.1	▼	▼	▼
	Mustard oil	137.0	0.0	3.0	7.9	▶	▶	▶
	Mas (black gram)	105.0	0.0	0.0	-12.5	▶	▶	▶
	Musuro	83.0	0.0	7.8	-10.8	▶	▶	▶
Potato	24.0	-4.0	-44.2	-4.0	▶	▼	▶	
Pokhara	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	33.0	0.0	-5.7	-8.3	▶	▶	▶
	Soybean oil	125.0	-3.8	4.2	8.7	▶	▶	▶
	Chicken	210.0	2.9	-14.6	-25.0	▶	▼	▼
	Mustard oil	150.0	0.0	3.4	7.1	▶	▶	▶
	Mas (black gram)	105.0	-2.8	-8.7	-8.7	▶	▶	▶
	Musuro	85.0	-5.6	-5.6	-10.5	▶	▶	▶
	Potato	25.0	9.6	-11.3	0.0	▶	▶	▶
	Potato	25.0	9.6	-11.3	0.0	▶	▶	▶
<b>Regional Terai markets</b>								
Biratnagar	Coarse rice	30.7	-2.1	-7.1	-1.1	▶	▶	▶
	Wheat flour	28.7	-2.3	-4.5	-1.2	▶	▶	▶
	Soybean oil	120.0	0.0	-4.0	-	▶	▶	-
	Chicken	180.0	-25.0	-25.0	-40.0	▶	▶	▶
	Mustard oil	140.0	-5.4	0.0	12.0	▶	▶	▶
	Mas (black gram)	110.0	11.9	10.0	0.9	▶	▶	▶
	Musuro	71.7	-4.5	-4.5	-10.4	▶	▶	▶
Potato	13.0	-7.1	-62.9	8.3	▶	▶	▶	
Birgunj	Coarse rice	29.0	7.4	-6.5	-12.1	▶	▶	▶
	Wheat flour	30.0	3.4	0.0	-16.7	▶	▶	▶
	Soybean oil	134.0	1.5	3.1	16.5	▶	▶	▶
	Chicken	220.0	0.0	-8.3	0.0	▶	▶	▶
	Mustard oil	145.0	3.6	3.6	11.5	▶	▶	▶
	Mas (black gram)	100.0	8.7	8.7	-3.8	▶	▶	▶
	Musuro	75.0	1.4	0.0	-10.7	▶	▶	▶
Potato	14.0	-6.7	-61.1	0.0	▶	▶	▶	
Nepalgunj	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Potato	-	-	-	-	-	-	-	
Dhangadhi	Coarse rice	36.4	2.2	4.0	10.3	▶	▶	▶
	Wheat flour	32.0	0.0	6.7	6.7	▶	▶	▶
	Soybean oil	120.0	-6.8	20.0	20.0	▶	▶	▶
	Chicken	140.0	-17.6	-42.6	-44.0	▶	▶	▶
	Mustard oil	144.0	2.9	6.7	10.8	▶	▶	▶
	Mas (black gram)	137.0	-2.1	5.4	-2.1	▶	▶	▶
	Musuro	115.0	-4.2	16.2	4.5	▶	▶	▶
Potato	15.0	-25.0	-50.0	36.4	▶	▶	▶	

▲ 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
<b>Hill and mountain markets with road access</b>								
Bhairahawa	Coarse rice	25.0	4.2	-30.6	-10.7	▶	▶	▶
	Wheat flour	24.0	-4.0	-33.3	0.0	▶	▶	▶
	Soybean oil	90.0	0.0	0.0	-5.3	▶	▶	▶
	Chicken	180.0	0.0	-25.0	-30.8	▶	▶	▶
	Mustard oil	150.0	0.0	0.0	-3.2	▶	▶	▶
	Mas (black gram)	95.0	0.0	-13.6	-33.1	▶	▶	▶
	Musuro	95.0	0.0	5.6	-26.9	▶	▶	▶
	Potato	18.0	0.0	20.0	20.0	▶	▶	▶
Dhankuta	Coarse rice	28.0	-6.7	-9.7	-12.5	▶	▶	▶
	Wheat flour	36.0	-2.7	12.5	-2.7	▶	▶	▶
	Soybean oil	135.0	0.0	8.0	12.5	▶	▶	▶
	Chicken	240.0	0.0	-20.0	-29.4	▶	▶	▶
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶
	Musuro	80.0	-5.9	-5.9	-5.9	▶	▶	▶
	Potato	25.0	0.0	-37.5	0.0	▶	▶	▶
Rolpa	Coarse rice	32.0	-3.0	6.7	-8.6	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	-36.4	▶	▶	▶
	Soybean oil	140.0	21.7	21.7	7.7	▶	▶	▶
	Chicken	270.0	-3.6	0.0	0.0	▶	▶	▶
	Mas (black gram)	110.0	-8.3	-4.3	-8.3	▶	▶	▶
	Musuro	100.0	-16.7	-16.7	-23.1	▶	▶	▶
Potato	35.0	0.0	0.0	16.7	▶	▶	▶	
Sanebagar	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Potato	-	-	-	-	-	-	-	
Jumla	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
Potato	-	-	-	-	-	-	-	
Bajura	Coarse rice	32.0	6.7	3.2	-15.8	▶	▶	▶
	Wheat flour	35.0	-2.8	-7.9	-22.2	▶	▶	▶
	Beans	100.0	-16.7	-16.7	-16.7	▶	▶	▶
	Mas (black gram)	110.0	10.0	-8.3	-15.4	▶	▶	▶
	Musuro	110.0	10.0	-8.3	-15.4	▶	▶	▶
	Potato	30.0	20.0	0.0	0.0	▶	▶	▶
<b>Hill and Mountain markets without road access</b>								
Humta	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	240.0	0.0	4.3	0.0	▶	▶	▶
	Soybean oil	280.0	0.0	0.0	0.0	▶	▶	▶
	Beans	100.0	0.0	0.0	0.0	▶	▶	▶
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
	Potato	30.0	0.0	0.0	0.0	▶	▶	▶
Dolpa	Coarse rice	90.0	0.0	-10.0	-5.3	▶	▶	▶
	Wheat flour	130.0	0.0	0.0	18.2	▶	▶	▶
	Soybean oil	200.0	0.0	-13.0	0.0	▶	▶	▶
	Beans	200.0	0.0	0.0	33.3	▶	▶	▶
	Mas (black gram)	200.0	0.0	17.6	17.6	▶	▶	▶
	Musuro	200.0	0.0	0.0	0.0	▶	▶	▶
Potato	40.0	0.0	0.0	14.3	▶	▶	▶	

For the latest information relating to food security in Nepal check out the Nepal Food Security Monitoring System (NeKSAP) google site <http://www.sites.google.com/site/nefoodsec>