



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



Market Watch 40

April 2012[†]

HIGHLIGHTS

- **Retail prices of most food commodities monitored in various markets show a normal fluctuation over the past one month, which is an indication of normal functioning of markets across the country.**
- **As per the latest report released by Nepal Rastra Bank, the year-on-year (y-o-y) inflation remained at 7.0 percent in mid-March 2012, while the price index of food & beverage increased only by 4.2 percent as compared to 17.3 percent in the same period last year.**
- **Bandhs (shutdown strikes) that started from the end of April 2012 at both the local and national level have disrupted food supply, mainly in the hill and mountain markets. This will likely lead to a shortage of food and essential commodities, if it remains longer.**

NATIONAL MARKET DEVELOPMENT

Price

In the markets regularly monitored by MoAC and WFP, retail prices of most food commodities remained stable over the past one month. The average price of coarse rice and wheat flour went down by 0.9 percent and 1.4 percent to Rs. 32.5 and Rs. 33.9 per kilo respectively. The price of black gram declined by 0.9 percent to Rs.106.9 per kilo, while that of broken lentil slightly increased by 0.5 percent to Rs. 92.8 per kilo. Likewise, the price of red potato climbed up by 2.6 percent to Rs. 23.8 per kilo and the price of soyabean oil increased by 1.6 percent to Rs. 133.6 per liter. Compared to January 2012, most prices showed a declining trend with few exceptions of red potato and soyabean oil. Likewise, compared to April 2011, most prices showed a downward trend.

In the regional markets, price trends are different than national trends. For example, the average price of coarse rice in the Terai markets declined by 8.6 percent, while in the major consumer markets, it increased by 5.0 percent during the past one month. Compared to the same period last year, prices of most commodities in these markets indicate a downward trend. Wholesale prices regularly monitored by FNCCI/ACE in the five large markets (Birtamod, Kathmandu, Butwal, Surkhet and Dhangadhi) show an upward trend of most commodities (coarse rice, black gram and edible oils) over the past one month.

As per Nepal Rastra Bank's latest macroeconomic situation report, the y-o-y inflation as measured by consumer price index (CPI) remained at 7.0 percent in mid-March 2012 compared to 10.7 percent in the same period last year. The index of food & beverage increased by a nominal of 4.2 percent compared to 17.3 percent, while the index of cereal grains decreased by 2.4 percent compared to an increase of 13.4 percent in the same period last year. However, compared to 13.4 percent increase in March 2011, the price index of transport increased by 17.0 percent in March 2012.

Supply

In April 2012, there were more than 10 bandhs organized by various political parties and organizations at both the local and national level. The effect of bandhs is relatively high in the Far-Western Region (FWR) because of continuous strikes. As a result of bandhs, food supply has disrupted, mainly in the hill and mountain districts of the FWR. It is reported that food stocks, including other essential goods like medicines are declining in the region. This will likely lead to a shortage of these commodities. However, as of now, the effect of bandhs on food security does not seem as severe as anticipated due to increase in household food stock at least for a couple of months, as a result of recent harvest of winter crops. This needs to be monitored closely.

Outlook

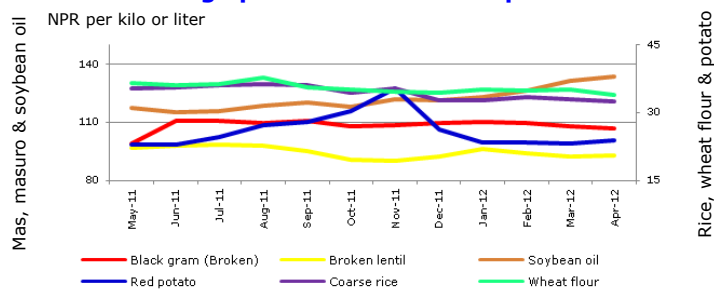
As a result of increase in fuel prices, transport costs have increased by more than 5 percent per tone. This will likely increase the price of foods, particularly in the region where imported foods play a significant role in determining prices in the market. In addition, continuous bandhs will likely disrupt food supplies in the affected regions, thereby raising food prices. However, the price of wheat is likely to remain stable due to recent harvest of winter crops.

Preliminary estimates indicate higher production of winter crops compared to last year. This will support to improve the food security situation in the country.

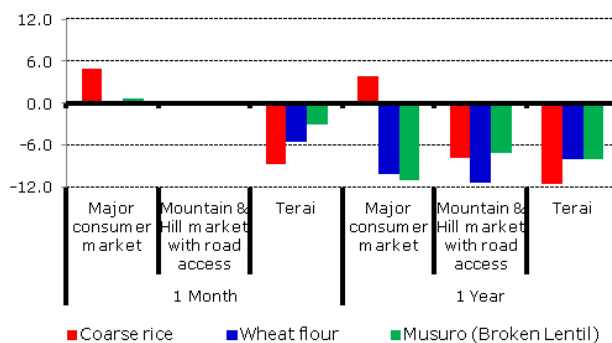
Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1 month	Observation
Chicken	270.0	5.5	Price rise after sharp decline in last month due to cases of bird flu found in few places in Kathmandu valley.

Average price over 12 month period*



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



[†] Prices relate to the Nepali month of Chaitra 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	2.9	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	-2.8	▶	▶	▶
	Soybean oil	133.0	0.0	0.0	14.7	▶	▶	▶
	Chicken	240.0	6.7	17.1	-2.0	▲	▲	▶
	Mustard oil	135.0	-1.5	-1.5	12.5	▶	▶	▶
	Mas (black gram)	105.0	0.0	0.0	-8.7	▶	▶	▶
	Musuro	83.0	0.0	0.0	-12.6	▶	▶	▶
	Potato	22.0	0.0	-12.0	-4.3	▶	▼	▶
Pokhara	Coarse rice	44.0	10.0	-2.2	4.8	▲	▶	▶
	Wheat flour	33.0	0.0	0.0	-17.5	▶	▶	▼
	Soybean oil	132.0	5.6	1.5	10.0	▲	▶	▶
	Chicken	310.0	6.9	52.0	6.9	▲	▲	▶
	Mustard oil	155.0	3.3	3.3	14.8	▶	▶	▶
	Mas (black gram)	105.0	-2.8	-2.8	-4.5	▶	▶	▶
	Musuro	86.0	1.2	-4.4	-9.5	▶	▶	▶
	Potato	23.8	3.5	4.4	19.0	▶	▶	▲
Regional Terai markets								
Biratnagar	Coarse rice	28.0	1.2	-10.6	-9.7	▶	▼	▶
	Wheat flour	28.7	1.2	-2.3	2.4	▶	▶	▶
	Soybean oil	140.0	5.0	16.7	33.3	▲	▲	▲
	Chicken	250.0	4.2	4.2	-5.7	▶	▶	▶
	Mustard oil	145.0	-2.2	-2.0	15.1	▶	▶	▲
	Mas (black gram)	86.7	-3.7	-11.9	-13.3	▶	▼	▶
	Musuro	73.3	4.8	-2.2	-2.2	▶	▶	▶
	Potato	14.0	2.4	0.0	2.9	▶	▶	▶
Birgunj	Coarse rice	32.0	3.2	18.5	-3.0	▶	▲	▶
	Wheat flour	34.0	9.7	17.2	-5.6	▲	▲	▶
	Soybean oil	138.0	2.2	4.5	20.0	▶	▶	▲
	Chicken	240.0	9.1	9.1	0.0	▲	▶	▶
	Mustard oil	155.0	6.9	10.7	19.2	▲	▲	▲
	Mas (black gram)	99.0	-1.0	7.6	4.2	▶	▶	▶
	Musuro	75.0	0.0	1.4	-10.7	▶	▶	▶
	Potato	20.0	42.9	33.3	42.9	▲	▲	▲
Nepalgunj	Coarse rice	-	-	-	-	-	-	-
	Wheat flour	-	-	-	-	-	-	-
	Soybean oil	-	-	-	-	-	-	-
	Chicken	-	-	-	-	-	-	-
	Mustard oil	-	-	-	-	-	-	-
	Mas (black gram)	-	-	-	-	-	-	-
	Musuro	-	-	-	-	-	-	-
	Potato	-	-	-	-	-	-	-
Dhangadhi	Coarse rice	25.0	-33.3	-29.8	-29.4	▼	▼	▼
	Wheat flour	22.0	-33.3	-31.3	-29.0	▼	▼	▼
	Soybean oil	90.0	-25.0	-30.1	-10.0	▼	▼	▶
	Chicken	220.0	-4.3	29.4	-12.0	▶	▲	▶
	Mustard oil	150.0	1.4	7.1	11.9	▶	▶	▶
	Mas (black gram)	105.0	-27.1	-25.0	-25.0	▼	▼	▼
	Musuro	104.0	-16.8	-13.3	-5.5	▼	▼	▶
	Potato	13.0	-35.0	-35.0	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	25.0	0.0	4.2	0.0	▶	▶	▶	
	Wheat flour	22.0	0.0	-12.0	0.0	▶	▼	▶	
	Soybean oil	90.0	0.0	0.0	-5.3	▶	▶	▶	
	Chicken	220.0	0.0	22.2	-8.3	▶	▲	▶	
	Mustard oil	150.0	0.0	0.0	20.0	▶	▶	▲	
	Mas (black gram)	105.0	0.0	10.5	-19.2	▶	▲	▼	
	Musuro	104.0	0.0	9.5	-13.3	▶	▶	▶	
	Potato	14.0	0.0	-22.2	-6.7	▶	▼	▶	
Hill and mountain markets with road access									
Dhankuta	Coarse rice	27.0	0.0	-10.0	-18.2	▶	▶	▼	
	Wheat flour	37.0	2.8	0.0	2.8	▶	▶	▶	
	Soybean oil	145.0	7.4	7.4	20.8	▲	▶	▲	
	Chicken	280.0	16.7	16.7	16.7	▲	▲	▲	
	Mas (black gram)	120.0	0.0	0.0	-0.8	▶	▶	▶	
	Musuro	80.0	0.0	-5.9	-3.6	▶	▶	▶	
	Potato	30.0	20.0	20.0	30.4	▲	▲	▲	
	Rolpa	Coarse rice	33.0	0.0	0.0	-13.2	▶	▶	▶
Wheat flour		35.0	0.0	0.0	-46.2	▶	▶	▼	
Soybean oil		140.0	0.0	21.7	7.7	▶	▲	▶	
Chicken		270.0	0.0	-3.6	-3.6	▶	▶	▶	
Mas (black gram)		120.0	26.3	0.0	0.0	▲	▶	▶	
Musuro		95.0	0.0	-20.8	-26.9	▶	▼	▼	
Potato		25.0	0.0	-28.6	0.0	▶	▼	▶	
Sambabagar		Coarse rice	35.0	0.0	0.0	0.0	▶	▶	▶
	Wheat flour	35.0	0.0	0.0	0.0	▶	▶	▶	
	Chicken	280.0	0.0	0.0	0.0	▶	▶	▶	
	Mustard oil	160.0	0.0	6.7	23.1	▶	▶	▲	
	Mas (black gram)	120.0	0.0	0.0	0.0	▶	▶	▶	
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶	
	Potato	30.0	0.0	-14.3	0.0	▶	▼	▶	
	Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
Wheat flour		60.0	0.0	0.0	0.0	▶	▶	▶	
Soybean oil		170.0	0.0	0.0	6.3	▶	▶	▶	
Chicken		320.0	0.0	0.0	0.0	▶	▶	▶	
Mas (black gram)		100.0	0.0	0.0	0.0	▶	▶	▶	
Musuro		100.0	0.0	0.0	0.0	▶	▶	▶	
Potato		40.0	0.0	0.0	166.7	▶	▶	▲	
Bajura		Coarse rice	29.0	-6.5	-3.3	-14.7	▼	▶	▶
	Wheat flour	31.0	-3.1	-13.9	-13.9	▶	▼	▶	
	Beans	100.0	0.0	-16.7	0.0	▶	▼	▶	
	Mas (black gram)	100.0	0.0	0.0	-4.8	▶	▶	▶	
	Musuro	100.0	0.0	0.0	-4.8	▶	▶	▶	
	Potato	30.0	0.0	20.0	0.0	▶	▲	▶	
	Hill and Mountain markets without road access								
	Humla	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶	▶
Wheat flour		240.0	0.0	0.0	118.2	▶	▶	▲	
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	0.0	-5.3	▶	▶	▶
	Wheat flour	130.0	0.0	0.0	-	▶	▶	-	
	Soybean oil	200.0	0.0	0.0	0.0	▶	▶	▶	
	Beans	200.0	0.0	0.0	33.3	▶	▶	▲	
	Mas (black gram)	200.0	0.0	0.0	17.6	▶	▶	▲	
	Musuro	200.0	53.8	0.0	0.0	▲	▶	▶	
	Potato	35.0	-12.5	-12.5	0.0	▼	▼	▶	

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>

