



Market Watch 44

August 2012[†]

Jointly produced by:

WFP-World Food Programme, Nepal
 MoAD- 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

- **In August 2012, prices of most monitored food commodities have reached the highest level since September last year. This upward trend is the result of lean season and frequent disruption in supply due to the monsoon.**
- **The year-on-year inflation released by Nepal Rastra Bank remained at 11.5 percent in July 2012 compared to 9.6 percent over the same period last year.**
- **Most road networks that link to the hill and mountain markets from Terai partially impaired by minor landslides caused by monsoon rains which reduced road access and increased transportation costs, resulting to an increase in food prices.**

NATIONAL MARKET DEVELOPMENT

Price

Retail prices regularly monitored by MoAD and WFP in various markets showed an upward trend over the past one month. The national average price of staple foods such as coarse rice and wheat flour climbed up by 7.3 percent to Rs. 36.8 per kilo and by 6.4 percent to Rs. 36.7 per kilo. Likewise, prices of blackgram and broken lentil increased by 2.2 percent to Rs. 110.2 per kilo and by 7.7 percent to Rs. 101.2 per kilo, while prices of red potato and soybean oil went up by 10 percent to Rs.38.1 per kilo and by 3.4 percent to Rs. 148.5 per liter. As compared to May 2012, prices showed an increasing trend. Compared to August 2011, prices showed an upward trend except the price of wheat flour.

Price trend in the regional markets showed same as in the national trend, in which the higher percentage of price increase has shown in the major consumer and the hill & mountain markets as compared to markets in the Terai belt. For instance, price of coarse rice increased by more than 7.0 percent in Kathmandu, Kaski and Rolpa districts. Prices in the wholesale markets monitored by FNCCI/AEC in the five large markets indicated the trend similar to that seen in the retail prices over the past one month.

Recently, the Government of Nepal has increased the price of petrol by Rs. 5.0 and diesel/kerosene by Rs. 4.0 per liter. Such a continuous rise of petroleum products could have direct impact on the contribution of rising transport costs, thereby raising prices of commodities.

The latest macroeconomic situation report released by Nepal Rastra Bank on July 2012 shows the year-on-year inflation at 11.5 percent compared to 9.6 percent over the same period last year. The price index of food & beverage group increased by 11.9 percent as compared to an increase of 12.2 percent over the same period last year, while that of cereal grain sub-group increased only by 4.3 percent compared to 5.9 percent increase over the same period last year.

Supply

Many regional highways such as Karnali, Rapti, Mechi, Mahakali and Katari-Okhaldhunga that connect hill and mountain markets with Terai markets are affected by some minor landslides due to monsoon rains. This has partially affected the smooth supply of commodities, including transportation costs due to relatively longer time taken for food delivery. Food commodities are available in most of the local markets in the hill and mountain districts as per demand with few exceptions of markets like Martadi in Bajura district which is linked only by earthen roads. This situation needs to be monitored closely.

Outlook

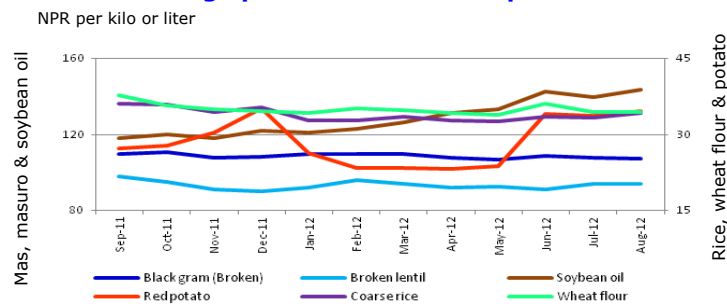
Recent increase of fuel prices will likely contribute to the rise of transportation costs, thereby raising food prices. Moreover, food prices are likely to remain high until the next harvest which is normally anticipated in October/November. Due to an anticipated effect of long drought in North America, global food price index increased by 10.0 percent in July 2012 as compared to previous month, which may raise fears of soaring food prices.

As a result of late/insufficient monsoon and shortage of fertilizers at the time of plantation, the production of 2012 summer crops such as paddy and maize is anticipated to decline by 10.0 percent, thereby increasing the risk of food insecurity.

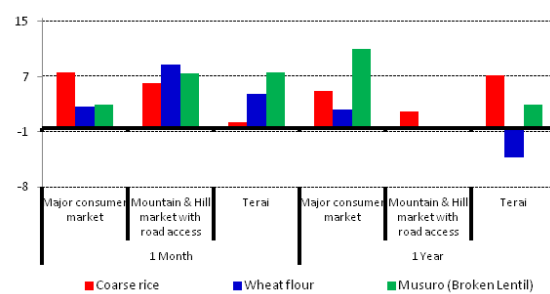
Largest changes in prices of key commodities

Commodity	Price Rs/kg or liter	% change 1month	Observation
Fuel (petrol & diesel/kerosene)	various	about 4.30	To curtail increasing loss of NOC.
Tomato, cauliflower and apple	various	16 to 30	Decline in supply due to lean season and perishable in nature.

Average price over 12 month period*



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



[†] Prices relate to the Nepali month of Shrawan 2069.
^{*} 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	40.0	8.1	11.1	14.3	▲	▲	▶	
	Wheat flour	35.0	0.0	-2.8	-2.8	▶	▶	▶	
	Soybean oil	140.0	-2.1	5.3	12.0	▶	▶	▶	
	Chicken	255.0	4.1	2.0	8.5	▶	▶	▶	
	Mustard oil	190.0	7.3	36.7	47.3	▲	▲	▲	
	Mas (black gram)	105.0	-4.5	0.0	-4.5	▶	▶	▶	
	Musuro	103.0	0.0	24.1	0.0	▶	▲	▶	
	Potato	34.0	-2.9	6.3	25.9	▶	▶	▲	
Pokhara	Coarse rice	45.0	7.1	7.1	0.0	▲	▶	▶	
	Wheat flour	36.0	5.9	2.9	-5.3	▲	▶	▶	
	Soybean oil	158.0	1.3	12.9	31.7	▶	▲	▲	
	Chicken	310.0	3.3	0.0	10.7	▶	▶	▶	
	Mustard oil	178.0	7.2	11.3	27.1	▲	▲	▲	
	Mas (black gram)	118.0	2.6	5.4	2.6	▶	▶	▶	
	Musuro	101.0	6.3	16.1	6.3	▲	▲	▶	
	Potato	45.0	7.1	40.6	66.7	▲	▲	▲	
Regional Terai markets									
Biratnagar	Coarse rice	30.7	0.0	-1.1	9.5	▶	▶	▶	
	Wheat flour	28.0	3.7	-6.7	-6.7	▶	▶	▶	
	Soybean oil	141.7	0.0	0.0	19.1	▶	▶	▲	
	Chicken	268.3	7.3	-29.4	19.8	▲	▼	▲	
	Mustard oil	175.0	0.0	7.1	31.6	▶	▶	▲	
	Mas (black gram)	90.0	0.0	-6.9	-10.0	▶	▶	▶	
	Musuro	85.0	9.4	24.4	21.4	▲	▲	▲	
	Potato	36.0	42.1	50.0	38.5	▲	▲	▲	
Birgunj	Coarse rice	35.0	2.9	9.4	-2.8	▶	▶	▶	
	Wheat flour	29.0	3.6	3.6	-19.4	▶	▶	▼	
	Soybean oil	150.0	0.0	1.4	25.0	▶	▶	▲	
	Chicken	260.0	0.0	0.0	8.3	▶	▶	▶	
	Mustard oil	180.0	0.0	12.5	38.5	▶	▲	▲	
	Mas (black gram)	96.0	4.3	2.1	14.3	▶	▶	▶	
	Musuro	93.0	1.1	25.7	10.7	▶	▲	▶	
	Potato	30.0	7.1	50.0	50.0	▲	▲	▲	
Nepalgunj	Coarse rice								
	Wheat flour								
	Soybean oil								
	Chicken								
	Mustard oil								
	Mas (black gram)								
	Musuro								
	Potato								
Dhangadhi	Coarse rice	28.0	0.0	12.0	-30.0	▶	▲	▼	
	Wheat flour	28.8	6.7	10.8	-7.1	▲	▲	▶	
	Soybean oil	120.0	0.0	0.0	14.3	▶	▶	▶	
	Chicken	243.0	-2.8	-2.8	-2.8	▶	▶	▶	
	Mustard oil	175.0	2.9	21.5	37.8	▶	▲	▲	
	Mas (black gram)	127.0	1.6	5.8	-9.3	▶	▶	▶	
	Musuro	89.8	12.3	12.3	-10.2	▲	▲	▶	
	Potato	43.8	9.5	46.0	46.0	▲	▲	▲	
Hill and mountain markets with road access									
Bhairahawa	Coarse rice								
	Wheat flour								
	Soybean oil								
	Chicken								
	Mustard oil								
	Mas (black gram)								
	Musuro								
	Potato								
Dhankuta	Coarse rice	31.0	0.0	3.3	-8.8	▶	▶	▶	
	Wheat flour	35.0	0.0	-5.4	16.7	▶	▶	▲	
	Soybean oil	145.0	0.0	0.0	20.8	▶	▶	▶	
	Chicken	260.0	-7.1	-7.1	13.0	▼	▶	▶	
	Mas (black gram)	120.0	0.0	0.0	4.3	▶	▶	▶	
	Musuro	110.0	0.0	37.5	37.5	▶	▲	▲	
	Potato	35.0	0.0	0.0	16.7	▶	▶	▶	
	Rolpa	Coarse rice	34.0	21.4	3.0	-10.5	▲	▶	▶
Wheat flour		40.0	42.9	0.0	-38.5	▲	▶	▼	
Soybean oil		150.0	25.0	3.4	15.4	▲	▶	▲	
Chicken		280.0	12.0	0.0	0.0	▲	▶	▶	
Mas (black gram)		110.0	-12.0	-8.3	-8.3	▼	▶	▶	
Musuro		110.0	37.5	4.8	-15.4	▲	▶	▼	
Potato		40.0	0.0	42.9	0.0	▶	▲	▶	
Sanjebagar		Coarse rice	36.0	2.9	2.9	2.9	▶	▶	▶
	Wheat flour	40.0	0.0	0.0	14.3	▶	▶	▶	
	Chicken	350.0	0.0	25.0	40.0	▶	▲	▲	
	Mustard oil	180.0	0.0	0.0	28.6	▶	▶	▲	
	Mas (black gram)	130.0	0.0	0.0	8.3	▶	▶	▶	
	Musuro	120.0	0.0	0.0	0.0	▶	▶	▶	
	Potato	40.0	-11.1	-20.0	33.3	▼	▼	▲	
	Jumla	Coarse rice	45.0	0.0	0.0	0.0	▶	▶	▶
Wheat flour		60.0	0.0	-	0.0	▶	-	▶	
Soybean oil		180.0	0.0	5.9	28.6	▶	▶	▲	
Chicken		-	-	-	-	-	-	-	
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	-33.3	33.3	▶	▼	▲	
Bajura		Coarse rice	45.0	0.0	32.4	12.5	▶	▲	▶
	Wheat flour	40.0	0.0	11.1	5.3	▶	▲	▶	
	Beans	120.0	0.0	20.0	0.0	▶	▲	▶	
	Mas (black gram)	120.0	0.0	0.0	9.1	▶	▶	▶	
	Musuro	120.0	0.0	0.0	9.1	▶	▶	▶	
	Potato - red	25.0	0.0	-37.5	-16.7	▶	▼	▼	
	Mountain markets without road access								
	Humla	Coarse rice*	40.0	0.0	0.0	0.0	▶	▶	▶
Wheat flour		220.0	-4.3	0.0	-4.3	▶	▶	▶	
Soybean oil		280.0	0.0	0.0	0.0	▶	▶	▶	
Beans		120.0	9.1	20.0	0.0	▲	▲	▶	
Mas (black gram)		-	-	-	-	-	-	-	
Musuro		-	-	-	-	-	-	-	
Potato		60.0	-14.3	50.0	200.0	▼	▲	▲	
Dolpa		Coarse rice	100.0	0.0	11.1	0.0	▶	▲	▶
	Wheat flour	140.0	0.0	7.7	7.7	▶	▶	▶	
	Soybean oil	210.0	0.0	5.0	-8.7	▶	▶	▶	
	Beans	230.0	0.0	15.0	15.0	▶	▲	▶	
	Mas (black gram)	110.0	-47.6	-45.0	-35.3	▼	▼	▼	
	Musuro	210.0	0.0	5.0	5.0	▶	▶	▶	
	Potato	50.0	0.0	42.9	25.0	▶	▲	▲	

▲ 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.

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>

