

Macroeconomic Situation of Nepal

(During the First Month of FY 2004/05)



Nepal Rastra Bank

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Press Communiqué of Nepal Rastra Bank
on
Current Macroeconomic Situation of Nepal

(During the First Month of FY 2004/05)

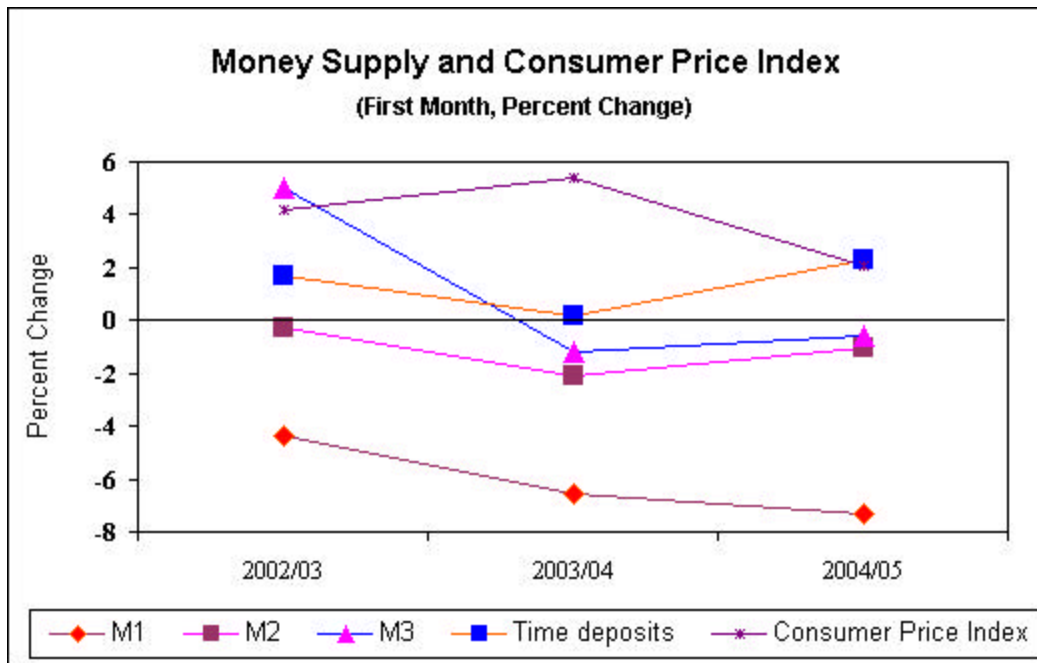
Major Points

- The first month of the FY 2004/05 saw a decline in monetary aggregates.
- Net claims on government decreased.
- Weighted average treasury bills rates declined.
- Stock exchange transactions as well as the NEPSE index increased.
- Total government expenditure, on cash basis, increased.
- Resource mobilization increased faster than the total expenditure, resulting the rise in the budget surplus.
- Price rise, on point-to-point basis, decelerated.
- Exports rose at a rate faster than the imports, resulting the contraction in the trade deficit.
- Sharp rise in grants and increase in the service net resulted in the current account surplus.
- Overall balance of payments (BOP) stood favorable due to current account surplus, high inflow of loans and miscellaneous income.
- The Gross foreign exchange reserve reached Rs.127.6 billion, enough to cover merchandise imports of 12.7 months and merchandise and service imports of 10.2 months.

Monetary Situation

During the first one month of FY 2004/05, broad money declined by 1.0 percent to Rs. 276.4 billion. Narrow money, a component of broad money, also declined by 7.3 percent to Rs. 87.4 billion compared to the decline of 6.6 percent last year. However, time deposits, the other component of broad money, went up by 2.3 percent to Rs. 189.0 billion compared to the nominal rise of 0.2 percent last year. The broad money liquidity also declined by 0.6 percent to Rs. 297.6 billion compared to the negative growth of 1.2 percent last year.

The net foreign assets (NFA) of the banking system (adjusting the foreign exchange valuation) declined by 2.3 percent compared to the decline of 3.4 percent during the same period last year.

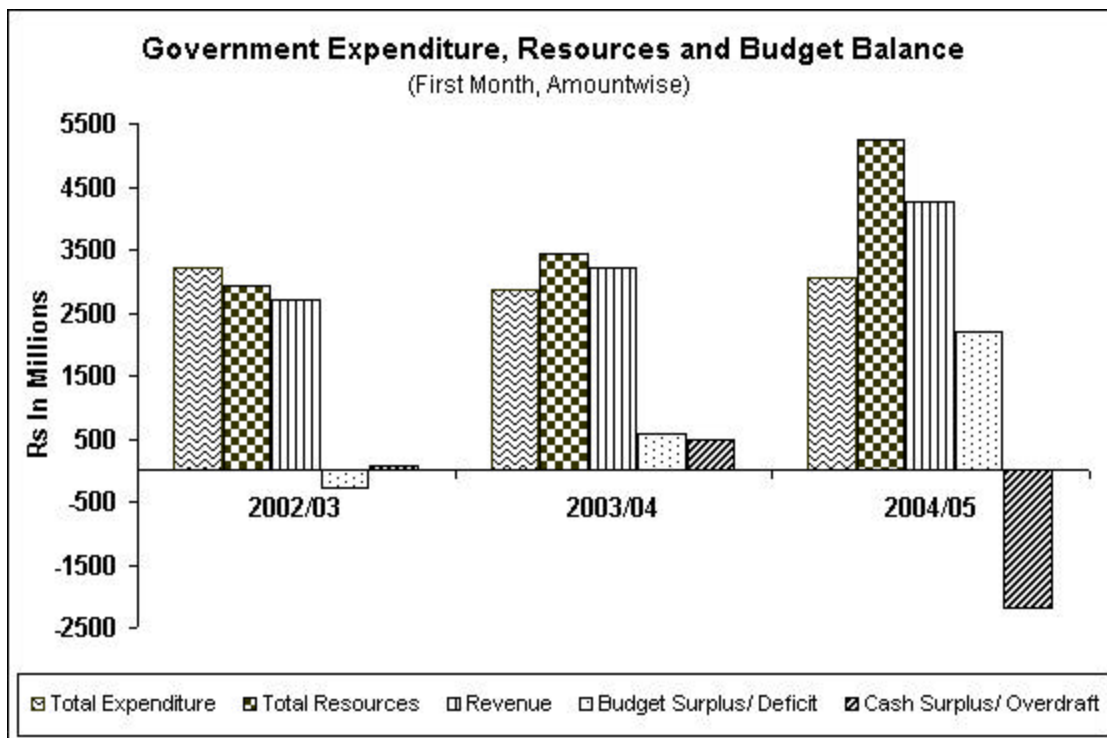


Domestic credit of the banking system declined by 0.2 percent to Rs. 248.0 billion compared to the fall of 1.3 percent last year. Credit to the private sector posted a growth of 1.1 percent to Rs. 172.9 billion. The share of net claims on government in the banking sector's total domestic credit declined from 27.0 percent in mid-August 2003 to 23.6 percent in mid-August 2004. Accordingly, the share of claims on the private sector rose from 66.7 percent in mid-August 2003 to 69.7 percent in mid-August 2004. The 91-days average treasury bills rate decreased significantly from 4.03 percent in mid-August 2003 to 0.62 percent in mid-August 2004.

Government Budgetary Operation

HMG has introduced new classification of the government expenditure as current, capital and principal repayment in lieu of old classification, from this fiscal year. In the absence of previous fiscal year's data according to the new classification, only current year's data is presented. Based on the cash flow data, the total expenditure of the government reached to Rs. 3.1 billion. The share of current, capital and principal repayment in total expenditure stood at 52.3 percent, 0.3 percent and 1.9 percent respectively. Freeze account is recorded at 1.4 billion.

Total non-debt resources (revenue, non-budgetary and other receipts, and foreign grants) increased by 52.0 percent to Rs. 5.2 billion compared to the rise of 17.7 percent last year. Revenue, the major source of the government resources, went up by 33.5 percent to Rs. 4.3 billion compared to a growth of 18.1 percent last year. Foreign grants went up to Rs. 242.8 million as against just Rs. 84 million received last year. Non-budgetary receipts (net) increased by 173.6 percent to Rs. 585 million. The higher growth of non-debt resources compared to the total expenditure growth resulted in the budget surplus of Rs. 2.2 billion compared to the surplus of Rs. 578 million last year. HMG mobilized foreign cash loan amounting to Rs. 1.9 million. HMG's cash transactions resulted in a surplus of Rs. 2.2 billion in mid-August 2004. HMG has used Rs. 472.0 million as an overdraft last year.



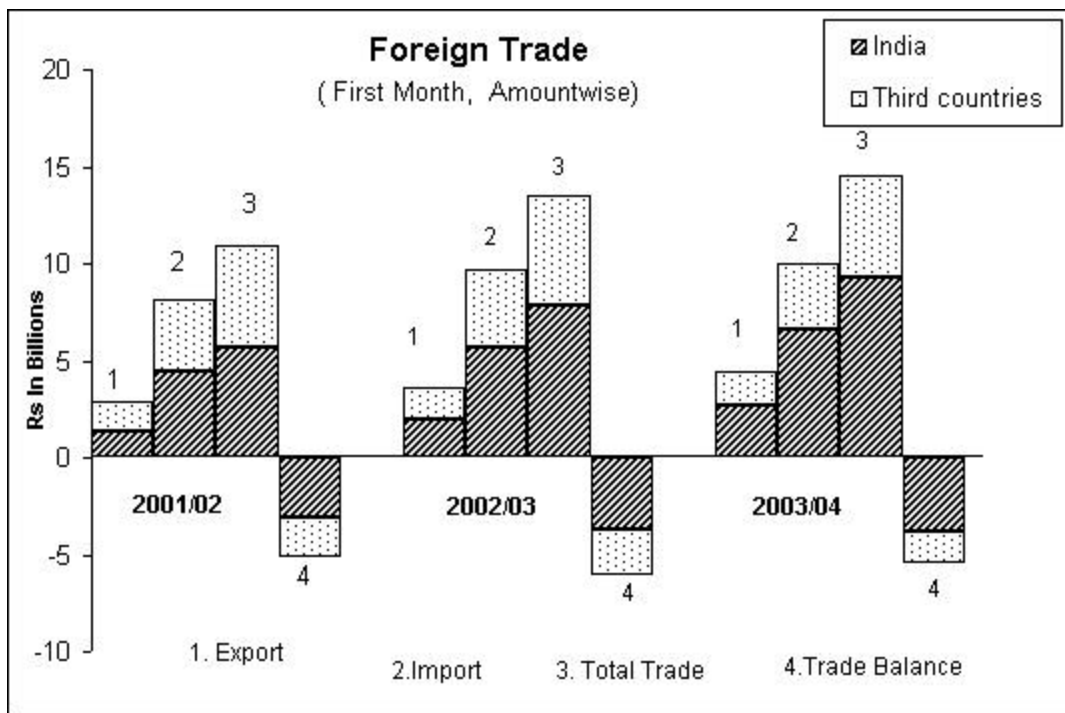
Price Situation

The National Urban Consumer Price Index, on point-to-point basis, increased by 2.1 percent as at mid-August 2004 compared to the rise of 5.4 percent last year. The slow growth in the price index is mainly attributable to the falling prices of food grains, beverages, footwear and transportation services. On point-to-point basis, the index of food and beverages group increased by 2.8 percent compared to the rise of 4.2 percent last year. The indices for sugar and related products (19.7 percent), meat, fish and eggs (8.4 percent), vegetables and fruits (6.7 percent), pulses (4.1 percent), spices (3.8 percent), oil and ghee (3.5 percent), restaurant meals (2.3 percent) and milk and milk products (0.3 percent) went up while the indices of beverages (1.4 percent) and grains and cereals products (0.4 percent) declined. The index of non-food and services group increased by 1.4 percent compared to an increase of 6.5 percent last year. The indices for cloth, clothing and sewing services (2.5 percent), housing goods and services (1.9 percent), medical and personal care (1.8 percent) and education, reading and recreation (0.8 percent) increased while the indices for footwear (0.7 percent), transport and communication (0.3 percent) as well as tobacco and related products (0.1 percent) declined. Regionwise, the price indices of the Kathmandu valley (3.7 percent), Terai (1.6 percent) and Hills (1.0 percent) increased. Such indices during the corresponding period last year had increased by 5.1 percent, 5.8 percent and 4.6 percent respectively.

The National Wholesale Price Index, on point-to-point basis, increased by 6.8 percent compared to the rise of 3.1 percent last year. Higher prices of cash crops, construction materials as well as transport vehicles and machinery goods pushed up the price index during the review period. The indices for domestic manufactured, agricultural and imported commodities increased by 7.5 percent, 7.4 percent and 5.4 percent respectively.

Foreign Trade

Total exports increased by 21.7 percent to Rs. 4.5 billion. Exports to India increased by 33.7 percent to Rs. 2.7 billion as against the growth of 61.1 percent last year. Exports to other countries, which had gone up by 3.9 percent last year, increased by 6.6 percent to Rs. 1.7 billion. The exports of woollen carpets, pashmina and jewellery to other countries increased while that of the readymade garments and tanned skin declined.



Total imports increased by 2.7 percent to Rs. 10.0 billion compared to the rise of 20.5 percent last year. Imports from India increased by 15.1 percent compared to the rise of 29.4 percent last year, however, imports from other countries declined by 14.7 percent as against the growth of 9.7 percent last year. Imports of yarn, industrial chemicals, vehicles and spare parts, chemical fertilizer, petroleum products, medicine, plastic utensils and cold rolled sheet from India and that of edible oil, nut, aircraft spare parts, other machinery parts, raw wool, plastic granules as well as chemical fertilizers from other countries went up this year.

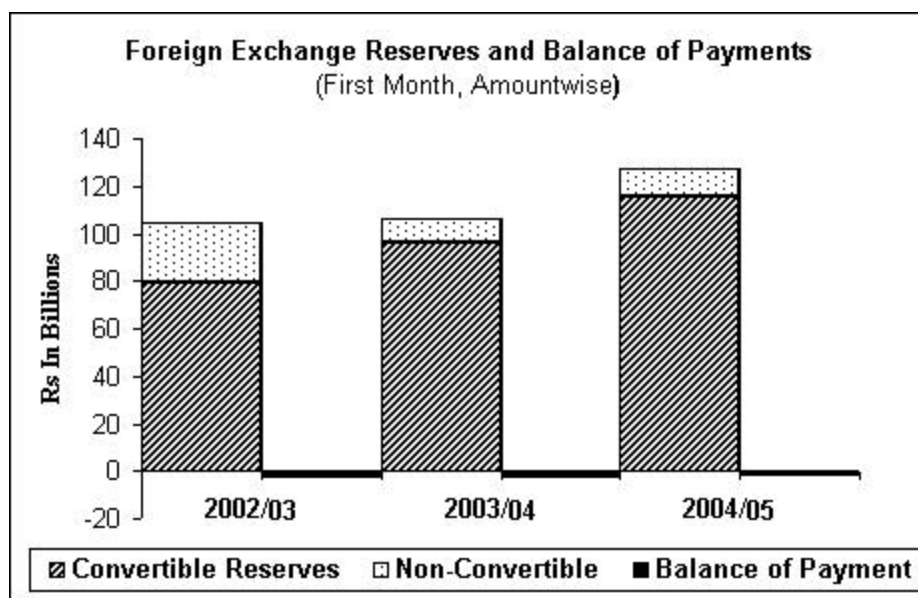
The higher growth of exports relative to that of the imports resulted a decline in the trade deficit by 8.8 percent to Rs. 5.5 billion. The trade deficit had increased by 15.5 percent last year. Trade deficit with India, which had recorded a rise of 16.6 percent last year, further increased by 4.6 percent this year. Trade deficit with other countries narrowed down by 29.0 percent in contrast to the growth of 14.0 percent last year. The overall export/import ratio, which was 37.6 percent last year, went up to 44.6 percent this year. The export/import ratios for India and other countries stood respectively at 41.7 percent and 50.1 percent this year compared to the respective level of 35.9 percent and 40.0 percent last year.

Balance of Payments

According to the BOP statistics for the FY 2003/04, trade deficit expanded by 16.3 percent to Rs. 81.7 billion due to the higher growth of imports vis-à-vis the exports. Service receipts increased at a rate faster than that of payments, resulting in the surplus in the service sector. Despite the surplus in the service sector, the goods and services accounts remained in deficit by Rs. 72.4 billion. The income (net) was unfavourable by Rs 1.7 billion. However, current account recorded a surplus of Rs. 12.0 billion due to the sharp rise in foreign grants and the increase in the service (net). Despite a substantial deficit in the financial account, the BOP recorded a surplus of Rs. 16.5 billion on account of the surplus in the current account as well as in the residual items. The BOP had witnessed a surplus of Rs. 4.4 billion during the same period last year. On the basis of the monetary statistics for the first one month of the FY 2004/05, the BOP recorded a deficit of a Rs. 2.5 billion compared to the deficit of Rs. 3.1 billion last year.

Foreign Exchange Reserve

The gross foreign exchange reserve in mid-August 2004 reached Rs.127.6 billion. The convertible reserve increased by 20.1 percent to Rs.115.2 billion and the non-convertible reserve (Indian currency) grew by 16.0 percent to Rs. 12.4 billion. The share of convertible reserve in the total reserve reached 90.3 percent this year from 89.8 percent last year, resulting in a corresponding decline in the share of non-convertible reserve to 9.7 percent. The rise in the share of the convertible reserve is attributed to an increase inflow of foreign grants, loans and the private remittances. The overall reserve position is at a comfortable level as it is sufficient to finance merchandise imports of 12.7 months and merchandise and service imports of 10.2 months.



Share Market Transactions

Major indicators of the stock market showed increased trend. Both the number of share transactions and their value increased. The market capitalization of the listed companies rose by 25.3 percent to Rs. 46.3 billion. NEPSE index increased by 33.59 index points (16.2 percent); from 207.92 in mid-August 2003 to 241.51 in mid-August 2004.

STATISTICAL TABLES

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Table 1
Monetary Survey
(During the First Month of the Fiscal Year)

Rs. in million

Monetary Aggregates	2003 Jul	2003 Aug (p)	2004 Jul (e)	2004 Aug (e)	Changes during the first month of FY			
					2003/04		2004/05	
					Amount	Percent	Amount	Percent
1. Foreign Assets, Net	91407.0	87825.5	109341.3	106570.6	-3121.8 ^{1/}	-3.4	-2539.8 ^{2/}	-2.3
1.1. Foreign Assets	109306.3	107760.6	131034.6	128811.0	-1545.7	-1.4	-2223.6	-1.7
1.2 Foreign Currency Deposits	17388.4	19465.7	20306.6	21161.8	2077.3	11.9	855.2	4.2
1.3 Other Foreign Liabilities	510.9	469.4	1386.7	1078.6	-41.5	-8.1	-308.1	-22.2
2. Net Domestic Assets	154504.1	152910.8	169783.2	169831.0	-2052.9 ^{1/}	-1.3	-183.1 ^{2/}	-0.1
2.1. Domestic Credit	228443.8	225392.6	248485.9	248003.7	-3051.3	-1.3	-482.2	-0.2
a. Net Claims on Govt.	62825.0	60971.0	60877.8	58502.4	-1854.1	-3.0	-2375.3	-3.9
i. Claims on Govt.	63286.7	61825.8	63066.7	62883.9	-1461.0	-2.3	-182.8	-0.3
ii. Govt. Deposits	461.7	854.8	2188.9	4381.5	393.1	85.1	2192.6	100.2
b. Claims on Non-Financial	2833.2	2406.8	2233.4	3172.6	-426.4	-15.1	939.2	42.1
c. Claims on Financial Institutions	11828.7	11719.8	14321.8	13449.2	-108.9	-0.9	-872.5	-6.1
i. Government	11739.0	11687.8	14181.2	13380.7	-51.2	-0.4	-800.4	-5.6
ii. Non-government	89.7	32.0	140.6	68.5	-57.7	-64.3	-72.1	-51.3
d. Claims on Private Sector	150956.9	150295.0	171053.0	172879.4	-661.9	-0.4	1826.4	1.1
2.2. Net Non-monetary Liabilities	73939.8	72481.8	78702.6	78172.6	-998.3	-1.4	-299.1	-0.4
3. Broad Money (M2)	245911.1	240736.4	279124.5	276401.6	-5174.7	-2.1	-2722.9	-1.0
3.1. Money Supply (M1)	83753.9	78252.6	94291.1	87384.5	-5501.3	-6.6	-6906.6	-7.3
a. Currency	56885.7	54678.4	63152.6	59926.9	-2207.4	-3.9	-3225.7	-5.1
b. Demand Deposits	26868.2	23574.2	31138.5	27457.7	-3294.0	-12.3	-3680.9	-11.8
3.2. Time Deposits	162157.2	162483.8	184833.4	189017.1	326.6	0.2	4183.7	2.3
4. Broad Money Liquidity (M3)	263299.5	260202.1	299431.1	297563.4	-3097.4	-1.2	-1867.7	-0.6

1/ Adjusting the exchange valuation loss of Rs. 459.7 million.

2/ Adjusting the exchange valuation loss of Rs 230.9 million.

Table 2
Government Budgetary Operation+

(During the First Month of the Fiscal Year)

Rs. in Million

Heads	Amount			Percentage Change		
	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
Sanctioned Expenditure	7066.2	7510.8	8433.0	8.8	6.3	12.3
Recurrent	*	*	5208.4	-	-	-
Capital	*	*	45.5	-	-	-
<i>a.Domestic Resources & Loans</i>	*	*	45.5	-	-	-
<i>b.Foreign Cash Grants</i>	*	*	0.0	-	-	-
Principal Repayment	*	*	1788.2	-	-	-
Others	1882.5	1878.8	1390.9	2.9	-0.2	-26.0
Unspent Government Balance	3841.0	4638.8	5382.6	8.9	20.8	16.0
Recurrent	*	*	3614.4	-	-	-
Capital	*	*	36.7	-	-	-
Principal Repayment	*	*	1731.5	-	-	-
Actual Expenditure	3225.2	2872.0	3050.4	8.7	-11.0	6.2
Recurrent	*	*	1594.0	-	-	-
Capital	*	*	8.8	-	-	-
Principal Repayment	*	*	56.7	-	-	-
Others (Freeze Account)	1882.5	1878.8	1390.9	2.9	-0.2	-26.0
Resources	2932.4	3450.0	5243.2	-0.8	17.7	52.0
Revenue	2709.1	3200.5	4272.4	-7.0	18.1	33.5
Foreign Grants	6.2	84.0	242.8	-118.4	1254.8	189.0
Non-Budgetary Receipts, net	154.1	213.8	585.0	-40.4	38.7	173.6
Others #	-97.7	-73.3	-72.3	-31.2	-25.0	-1.4
V.A.T.	160.7	25.0	215.3	-492.0	-84.4	761.2
Deficits(-) Surplus(+)	-292.8	578.0	2192.8	2340.0	-297.4	279.4
Sources of Financing	292.8	-578.0	-2192.8	2340.0	-297.4	279.4
Internal Loans	89.8	-735.1	-2194.7	-129.1	-918.6	198.6
<i>a.Treasury Bills</i>	0.0	0.0	0.0	-	-	-
<i>b.Development Bonds</i>	0.0	0.0	0.0	-	-	-
<i>c.National Saving Certificate</i>	0.0	0.0	0.0	-	-	-
<i>d. Citizen Saving Certificate</i>	0.0	0.0	0.0	-	-	-
<i>e.Overdrafts</i> ++	79.8	472.0	-2194.9	-125.1	491.5	-565.0
<i>f. Others</i> @	10.0	-1207.1	0.2	12.4	-	-
Foreign Loans	203.0	157.1	1.9	-36.8	-22.6	-98.8

+ As per NRB records, on cash basis.

++ Minus (-) indicates surplus.

Change in outstanding amount disbursed to VDC/DDC remaining unspent.

@ Interest from Government Treasury transactions and others.

* Data not available because of reclassification of the account from the current fiscal year.

Table 3
National Urban Consumer Price Index
(1995/96 = 100)

Groups & sub-groups 1	Weight % 2	2002/03		2003/04			2004/05P	Percentage Change			
		Jul/Aug 3	June/Jul 4	Jul/Aug 5	May/June 6	June/Jul 7	Jul/Aug 8	Column Over 3	Column Over 4	Column Over 5	Column Over 7
1. OVERALL INDEX	100.00	147.5	153.3	155.4	155.0	156.4	158.7	5.4	1.4	2.1	1.5
1.1. FOOD & BEVERAGE	53.20	144.5	148.4	150.6	148.7	151.2	154.8	4.2	1.5	2.8	2.4
Grains and Cereal Products	18.00	134.4	144.0	143.6	136.8	139.2	143.0	6.8	-0.3	-0.4	2.7
Rice and Rice Products	(14.16)	134.1	144.0	143.5	134.3	137.4	141.4	7.0	-0.3	-1.5	2.9
Pulses	2.73	128.4	125.6	125.1	128.9	128.5	130.2	-2.6	-0.4	4.1	1.3
Vegetables and Fruits	7.89	157.2	138.0	153.0	136.4	148.0	163.2	-2.7	10.9	6.7	10.3
Spices	1.85	140.6	147.7	147.7	157.0	153.8	153.3	5.0	0.0	3.8	-0.3
Meat, Fish and Eggs	5.21	146.1	152.7	153.0	164.9	167.0	165.8	4.7	0.2	8.4	-0.7
Milk and Milk Products	4.05	147.0	149.4	150.1	150.5	150.7	150.5	2.1	0.5	0.3	-0.1
Oil and Ghee	3.07	123.4	148.3	146.6	154.6	152.2	151.8	18.8	-1.1	3.5	-0.3
Sugar and Related Products	1.21	131.5	116.7	117.2	137.6	140.4	140.3	-10.9	0.4	19.7	-0.1
Beverages	2.28	159.9	162.0	163.4	160.3	160.3	161.1	2.2	0.9	-1.4	0.5
Restaurant Meals	6.91	169.5	181.2	181.4	184.5	184.5	185.5	7.0	0.1	2.3	0.5
1.2. NON-FOOD & SERVICES	46.80	151.1	158.9	160.9	162.5	162.5	163.2	6.5	1.3	1.4	0.4
Cloth, Clothing & Sewing Services	8.92	134.0	135.8	136.7	138.9	139.0	140.1	2.0	0.7	2.5	0.8
Cloths	(2.28)	124.3	124.5	124.6	128.2	128.4	129.1	0.2	0.1	3.6	0.5
Clothings	(5.75)	134.1	136.8	136.8	138.6	138.6	139.1	2.0	0.0	1.7	0.4
Footwear	2.20	132.4	133.1	133.8	132.7	132.7	132.8	1.1	0.5	-0.7	0.1
Housing goods and Services	14.87	146.5	161.6	161.7	164.5	164.4	164.7	10.4	0.1	1.9	0.2
Fuel, Light and Water	(5.92)	170.5	200.5	200.3	201.2	201.1	201.5	17.5	-0.1	0.6	0.2
Transport and Communication	4.03	164.2	186.7	186.8	183.7	183.7	186.2	13.8	0.1	-0.3	1.4
Medical and Personal Care	8.03	161.5	164.5	168.2	170.2	170.2	171.2	4.1	2.2	1.8	0.6
Education, Reading and Recreation	7.09	173.7	174.1	181.3	182.6	182.5	182.7	4.4	4.1	0.8	0.1
Tobacco and Related Products	1.66	150.1	151.1	153.6	153.1	153.1	153.5	2.3	1.7	-0.1	0.3
Urban Consumer Price Index : Kathmandu Valley											
OVERALL INDEX	100.00	141.5	145.5	148.7	151.9	152.2	154.2	5.1	2.2	3.7	1.3
FOOD & BEVERAGES	51.53	139.8	141.2	144.0	148.0	148.5	150.9	3.0	2.0	4.8	1.6
NON-FOOD & SERVICES	48.47	143.2	150.2	153.6	156.1	156.1	157.7	7.3	2.3	2.7	1.0
DOMESTIC GOODS	81.26	140.0	143.0	146.5	149.9	150.3	152.6	4.6	2.4	4.2	1.5
IMPORTED GOODS	18.74	147.8	156.4	158.3	160.7	160.3	161.1	7.1	1.2	1.8	0.5
TRADABLE GOODS	68.86	139.2	143.0	144.7	148.5	149.0	151.0	4.0	1.2	4.4	1.3
NON-TRADABLE GOODS	31.14	146.6	151.2	157.6	159.4	159.1	161.2	7.5	4.2	2.3	1.3
GOVT.CONTROLLED GOODS	17.03	144.8	157.2	159.9	161.9	162.2	163.5	10.4	1.7	2.3	0.8
NON-CONTROLLED GOODS	82.97	140.8	143.1	146.4	149.9	150.1	152.2	4.0	2.3	4.0	1.4
Urban Consumer Price Index : Terai											
OVERALL INDEX	100.00	150.0	156.9	158.7	156.2	158.4	161.2	5.8	1.1	1.6	1.8
FOOD & BEVERAGES	54.98	145.5	151.3	153.1	147.4	151.4	156.2	5.2	1.2	2.0	3.2
NON-FOOD & SERVICES	45.02	155.6	163.7	165.5	167.0	167.0	167.4	6.4	1.1	1.1	0.2
Urban Consumer Price Index : Hills											
OVERALL INDEX	100.00	150.6	156.3	157.6	157.0	157.9	159.2	4.6	0.8	1.0	0.8
FOOD & BEVERAGES	53.04	149.4	152.7	154.9	153.7	155.4	157.5	3.7	1.4	1.7	1.4
NON-FOOD & SERVICES	46.96	152.0	160.3	160.6	160.8	160.8	161.2	5.7	0.2	0.4	0.2

Table 3.1
National Urban Consumer Price Index
 (Base Year: 1995/96 = 100)
 (Point to Point Annual Changes)

Months	2002/03		2003/04		2004/05P	
	INDEX	CHANGE	INDEX	CHANGE	INDEX	CHANGE
mid -Aug	147.5	4.2	155.4	5.4	158.7	2.1
mid-Sep	148.4	3.3	156.1	5.2		
mid -Oct	148.7	3.0	157.1	5.6		
mid-Nov	148.0	2.2	156.6	5.8		
mid -Dec	147.0	2.7	154.2	4.9		
mid-Jan	145.3	3.3	152.5	5.0		
mid -Feb	145.8	4.6	152.7	4.7		
mid-Mar	146.7	5.2	153.1	4.4		
mid-Apr	151.5	8.1	154.1	1.7		
mid-May	152.1	7.7	154.1	1.3		
mid-June	152.2	6.6	155.0	1.8		
mid-July	153.3	6.1	156.4	2.0		
Average	148.9	4.8	154.8	4.0		

P: Provisional.

Table 4
National Wholesale Price Index
(1999/00 = 100)

Groups and Sub-groups 1	Weight % 2	2002/03		2003/04			2004/05P	Percentage Change			
		Jul/Aug 3	Jun/Jul 4	Jul/Aug 5	May/June 6	Jun/Jul 7	Jul/Aug 8	column Over 3	column Over 4	column Over 5	column Over 7
1. Overall Index	100.00	110.9	112.7	114.4	116.2	118.1	122.1	3.1	1.4	6.8	3.4
1.1 Agricultural Commodities	49.59	113.8	110.7	113.8	111.1	115.3	122.1	0.0	2.8	7.4	5.9
Foodgrains	16.58	92.0	97.8	97.9	89.1	92.0	96.6	6.3	0.1	-1.3	5.1
Cash Crops	6.09	148.3	117.8	122.4	132.6	150.4	167.4	-17.5	3.9	36.8	11.3
Pulses	3.77	111.9	111.8	111.9	118.2	117.3	122.0	0.0	0.1	9.0	4.0
Fruits and Vegetables	11.18	131.4	116.9	127.3	113.8	118.5	132.7	-3.1	8.9	4.2	12.0
Spices	1.95	93.9	103.8	102.3	113.8	111.4	103.9	9.0	-1.4	1.5	-6.8
Livestock Production	10.02	113.8	121.8	122.6	128.1	129.0	128.7	7.7	0.7	5.0	-0.2
1.2 Domestic Manufactured Commodities	20.37	106.3	110.1	110.6	119.3	118.7	118.9	4.1	0.5	7.5	0.1
Food-Related Products	6.12	104.3	107.6	106.3	113.9	113.4	109.3	1.9	-1.2	2.8	-3.6
Beverages and Tobacco	5.68	112.2	112.0	115.3	117.0	117.0	119.9	2.7	2.9	4.0	2.5
Construction Materials	4.50	106.7	116.0	115.7	140.3	138.7	141.2	8.5	-0.2	22.0	1.8
Others	4.07	100.6	104.5	105.0	107.6	107.2	107.3	4.3	0.5	2.2	0.0
1.3 Imported Commodities	30.04	109.2	117.9	117.8	122.6	122.4	124.3	7.9	0.0	5.4	1.5
Petroleum Products and Coal	5.40	127.2	158.1	158.1	158.5	158.5	165.2	24.3	0.0	4.5	4.2
Chemical Fertilizers and Chemicals	2.46	121.0	125.8	125.4	130.2	131.0	131.6	3.7	-0.3	4.9	0.5
Transport Vehicles and Machinery	6.97	101.9	103.6	103.8	113.3	113.4	115.1	1.8	0.1	11.0	1.5
Electric and Electronic Goods	1.87	98.0	97.6	97.3	97.2	97.2	96.7	-0.7	-0.3	-0.7	-0.5
Drugs and Medicine	2.73	102.4	104.1	105.3	107.3	107.3	107.3	2.8	1.2	1.9	0.0
Textile-Related Products	3.10	103.2	107.0	107.7	114.2	114.2	114.6	4.3	0.6	6.4	0.3
Others	7.51	107.1	114.2	113.4	118.4	117.2	117.9	5.9	-0.7	4.0	0.6

Table 4.1
National Wholesale Price Index
 (Base Year 1999/00=100)

(Point to Point Annual Changes)

Months	2002/03		2003/04		2004/05P	
	Index	%	Index	%	Index	%
mid-Aug	110.9	2.7	114.4	3.1	122.1	6.8
mid-Sep	112.4	3.1	116.0	3.2		
mid-Oct	112.5	1.7	116.4	3.5		
mid-Nov	112.6	0.3	117.2	4.1		
mid-Dec	107.5	0.7	113.9	5.9		
mid-Jan	104.6	-0.9	112.0	7.0		
mid-Feb	107.3	3.5	112.9	5.2		
mid-Mar	109.6	5.9	113.5	3.6		
mid-Apr	111.3	8.9	114.2	2.6		
mid-May	112.3	8.0	114.3	1.7		
mid-June	111.2	5.6	116.2	4.5		
mid-July	112.7	6.1	118.1	4.8		
ANNUA	110.4	3.8	114.9	4.1		

P: Provisional

Table 5
Direction of Foreign Trade *
(During the First Month of the Fiscal Year)

Rs in Million

	2002/03	2003/04(P)	2004/05(E)	Percent Change		
				2002/03	2003/04	2004/05
Total Exports (f..o.b.)	2831.6	3670.3	4467.5	-35.8	29.6	21.7
To India	1272.4	2049.9	2740.6	-50.7	61.1	33.7
To Other Countries	1559.2	1620.4	1726.9	-14.6	3.9	6.6
Total Imports (c.i.f.)	8096.3	9752.6	10016.2	-6.7	20.5	2.7
From India	4408.8	5706.3	6566.1	-4.1	29.4	15.1
From Other Countries	3687.5	4046.3	3450.1	-9.62	9.7	-14.7
Trade Balance	-5264.7	-6082.3	-5548.7	23.3	15.5	-8.8
With India	-3136.4	-3656.4	-3825.5	55.8	16.6	4.6
With Other Countries	-2128.3	-2425.9	-1723.2	-5.6	14.0	-29.0
Total Trade	10927.9	13422.9	14483.7	-16.5	22.8	7.9
With India	5681.2	7756.2	9306.7	-20.9	36.5	20.0
With Other Countries	5246.7	5666.7	5177.0	-11.1	8.0	-8.6

1. Export / Import Ratio	35.0	37.6	44.6
India	28.9	35.9	41.7
Other Countries	42.3	40.0	50.1
2. Share in Total Exports	100.0	100.0	100.0
India	44.9	55.9	61.3
Other Countries	55.1	44.1	38.7
3. Share in Total Imports	100.0	100.0	100.0
India	54.5	58.5	65.6
Other Countries	45.5	41.5	34.4
4. Share in Total Trade	100.0	100.0	100.0
India	52.0	57.8	64.3
Other Countries	48.0	42.2	35.7

p= provisional

E = Quick estimate

*= Custom based data

Exchange Rate (Average Mid-Rate)

Table 6

Export of Major Commodities to Third Countries

(During the First Month of the Fiscal Year)

Rs in Million

	2001/02	2002/03	2003/04	2004/05	Percent Change		
					2002/03	2003/04	2004/05
1. Woollen Carpets	657.5	389.9	404.4	464.1	-40.7	3.7	14.8
2. Readymade Garm	690.2	686.9	795.7	726.3	-0.5	15.8	-8.7
3. Pashmina	154.7	89.3	70.1	81.6	-42.3	-21.5	16.4
4. Tanned Skin	42.3	6.4	25.5	15.3	-84.9	298.4	-40.0
5. Silverware and Jew	19.1	24.8	22.6	30.4	29.8	-8.9	34.5

Table 7

Summary of Balance of Payment Presentation (Annual)

Rs in Million

Particulars	2001/02	2002/03	2003/04	% Change	
				2002/03	2003/04
A. Current Account	18161.1	11614.7	12025.6	-36.0	3.5
Goods: Exports f.o.b.	57983.5	50760.7	54083.3	-12.5	6.5
Oil	10452.1	0.0	0.0	-100.0	0.0
Other	47531.4	50760.7	54083.3	6.8	6.5
Goods: Imports f.o.b.	-111342.0	-121053.0	-135804.5	8.7	12.2
Oil	-22136.5	-18811.6	-20167.3	-15.0	7.2
Other	-89205.5	-102241.4	-115637.2	14.6	13.1
Balance on Goods	-53358.5	-70292.3	-81721.2	31.7	16.3
Services: Net	3938.4	7049.7	9328.9	79.0	32.3
Services: credit	23508.2	26518.9	34134.0	12.8	28.7
Travel	8654.3	11747.7	18051.9	35.7	53.7
Government n.l.e.	8894.5	6624.0	7143.9	-25.5	7.8
Other	5959.4	8147.2	8938.2	36.7	9.7
Services: debit	-19569.8	-19469.2	-24805.1	-0.5	27.4
Transportation	-8854.4	-8618.4	-9326.2	-2.7	8.2
Travel	-5731.1	-6171.5	-9790.6	7.7	58.6
Other	-4984.3	-4679.3	-5688.3	-6.1	21.6
Balance on Goods and Services	-49420.1	-63242.6	-72392.3	28.0	14.5
Income: Net	-604.9	-675.7	-1657.8	11.7	145.3
Income: credit	4297.0	4487.0	3832.6	4.4	-14.6
Income: debit	-4901.9	-5162.7	-5490.4	5.3	6.3
Balance on Goods, Services and Income	-50025.0	-63918.3	-74050.1	27.8	15.9
Transfers: Net	68186.1	75533.0	86075.7	10.8	14.0
Current transfers: credit	70157.3	77765.1	90173.0	10.8	16.0
Grants	12650.5	13842.2	19555.4	9.4	41.3
Workers' remittances	47536.3	54203.3	59604.2	14.0	10.0
Pensions	8269.6	7327.3	7903.2	-11.4	7.9
Other	1700.9	2392.3	3110.2	40.6	30.0
Current transfers: debit	-1971.2	-2232.1	-4097.3	13.2	83.6
B Capital Account (Capital Transactions)	5694.0	5393.9	1452.2	-5.3	-73.1
Total, Groups A plus B	23855.1	17008.6	13477.8	-28.7	-20.8
C Financial Account (Excluding Direct Investment)	-37333.4	-17198.9	-22468.4	-53.9	30.6
Direct investment in Nepal	-282.3	961.4	0.0	-440.6	-100.0
Portfolio Investment	0.0	0.0	0.0	0.0	0.0
Other investment: assets	-35136.9	-34629.5	-36649.7	-1.4	5.8
Trade credits	-1294.5	1041.0	-4815.0	-180.4	-562.5
Other	-33842.4	-35670.5	-34491.4	5.4	-3.3
Other investment: liabilities	-1914.2	16469.2	14181.3	-960.4	-13.9
Trade credits	-5279.0	16899.3	7761.8	-420.1	-54.1
Loans	2899.6	-52.4	3191.5	-101.8	-6190.6
General Government	2963.5	-432.8	3335.9	-114.6	-870.8
Drawings	8040.3	5236.0	9101.5	-34.9	73.8
Repayments	-5076.8	-5668.8	-5765.6	11.7	1.7
Other sectors	-63.9	380.4	-144.4	-695.3	-138.0
Currency and deposits	465.2	-377.7	3228.0	-181.2	-954.6
Nepal Rastra Bank	-197.4	-23.4	-77.4	-88.1	230.8
Deposit money banks	662.6	-354.3	3305.4	-153.5	-1032.9
Other liabilities	0.0	0.0	0.0	-	-
Total, Group A through C	-13478.3	-190.3	-11647.3	-98.6	6020.5
D Net Errors and Omissions	10600.6	4176.1	28729.9	-60.6	588.0
Total, Group A through D	-2877.7	3985.8	19739.3	-238.5	395.2
E. Reserves and Related Items	2877.7	-3985.8	-19739.3	-238.5	395.2
Reserve assets	3203.4	-3685.2	-20296.0	-215.0	450.7
Nepal Rastra Bank	-1712.7	-7809.9	-19503.8	356.0	149.7
Deposit money banks	4916.1	4124.7	-792.2	-16.1	-119.2
Use of Fund Credit and Loans	-325.7	-300.6	556.7	-7.7	-285.2
Changes in Reserve net (- in)	3342.9	-4363.5	-16511.3	-230.5	278.4

Table 8
Gross Foreign Exchange Holding of the Banking Sector

(During the First Month of the Fiscal Year)

Rs in Million

	Mid-Jul. 2002	Mid-Aug. 2002	Mid-Jul. 2003	Mid-Aug. 2003	Mid-Jul. 2004	Mid-Aug. 2004	Percent Change	
							Mid-Aug.	
							2003	2004
Nepal Rastra Bank	80699.5	80807.7	86966.1	85432.8	107911.9	104715.3	5.7	22.6
Convertible	56699.5	58216.8	76752.0	76652.6	96231.9	94283.4	31.7	23.0
Inconvertible	24000	22590.9	10214.1	8780.2	11680	10431.9	-61.1	18.8
Commercial Bank	25201.7	24048.1	21263.3	21249.8	21961.8	22933.6	-11.6	7.9
Convertible	23609.7	21525.2	20249.2	19304.5	20407.4	20926.4	-10.3	8.4
Inconvertible	1592	2522.9	1014.1	1945.3	1554.4	2007.2	-22.9	3.2
Total Reserve	105901.2	104855.8	108229.4	106682.6	129873.7	127648.9	1.7	19.7
Convertible	80309.2	79742.0	97001.2	95957.1	116639.3	115209.8	20.3	20.1
Inconvertible	25592.0	25113.8	11228.2	10725.5	13234.4	12439.1	-57.3	16.0
1. Gross Foreign Exchange Re	105901	104855.8	108229	106682.6	129873.7	127649	1.7	19.7
2. Gold, SDR, IMF Gold Tranch	1095.1	1093.3	1076.9	1078	1160.9	1162.2	-1.4	7.8
3. Gross Foreign Assets(1+2)	106996	105949.1	109306	107760.6	131034.6	128811	1.7	19.5
4. Foreign Liabilities	18577.1	18861.8	17899.3	19935.1	21693.3	22240.5	5.7	11.6
5. Net Foreign Assets(3-4)	88419.2	87087.3	91407	87825.5	109341.3	106571	0.8	21.3
6. Change in NFA (before adj.	-	-1331.9	2987.8	-3581.5	17934.3	-2770.7	-	-
7. Exchange Valuation (- gain)	-	342.6	1375.6	459.7	-1423	230.9	-	-
8. Change in NFA (6+7)**	-	-989.3	4363.4	-3121.8	16511.3	-2539.8	-	-

Sources: Nepal Rastra Bank and Commercial Banks; Estimated.

*= Change in NFA is derived by taking mid-july as base.

** = After adjusting exchange valuation gain/loss

Table 9

Summary of Share Market Transactions

S.No	Particulars	Mid - July. 2003 - Mid - August. 2003				Mid - July. 2004 - Mid - August. 2004				% Change	
		1				2				2 Over 1	
1	Number of Companies Listed (Mid - August)	108				115				6.5	
2	Total Amount of Listed Shares (Rs. Million) (Mid - August)	12186.00				12516.00				2.7	
3	Market Days	21				22				-	
4	Number of Companies Traded	66				78				18.2	
5	Number of Transactions	5309				6046				13.9	
6	Average Daily Turnover : Number ('000)	9.33				38.33				310.8	
	: Amount (Rs.Million)	2.15				30.74				1329.8	
7	Market Capitalization of Listed Companies (Rs. Million).	36937.00				46267.16				25.3	
8	Ratio of Turnover to Market Capitalization (%)	0.12				1.46				-	
		Share Units ('000)	% Share of unit	Rs In Million	% Share of Value	Share Units ('000)	% Share of unit	Rs In Million	% Share of Value	Change in Share Unit (%)	Change in Share Amount (%)
		1	2	3	4	5	6	7	8	5 Over 1	7 Over
9	Turnover Details	195.98	100.00	45.12	100.00	843.16	100.00	676.27	100.00	330.2	1398.8
	Commercial Banks	78.51	40.06	27.36	60.64	691.43	82.00	659.23	97.48	780.7	2309.5
	Development Banks	6.18	3.15	0.88	1.95	7.01	0.83	1.18	0.17	13.4	34.1
	Insurance	18.18	9.28	3.36	7.45	16.78	1.99	2.47	0.37	-7.7	-26.5
	Finance	85.84	43.80	11.24	24.91	91.36	10.84	11.71	1.73	6.4	4.2
	Manufacturing & Processing	0.12	0.06	0.07	0.16	0.94	0.11	0.12	0.02	683.3	71.4
	Hotel	5.76	2.94	0.26	0.58	9.18	1.09	0.45	0.07	59.4	73.1
	Trading	1.35	0.69	1.95	4.32	5.34	0.63	0.85	0.13	295.6	-56.4
	Others	0.04	0.02	0.00	0.00	21.12	2.50	0.26	0.04	52700.0	-

Share Price	NEPSE INDEX*				
	Mid - August			% Change	
	2002	2003	2004	2003 over 2002	2004 over 2003
High	226.59	207.92	241.51	-8.2	16.2
Low	221.49	202.69	222.65	-8.5	9.8
Closing	226.59	207.92	241.51	-8.2	16.2

* Base Year: February 12, 1994

Source: Nepal Stock Exchange Ltd.