



HIGHLIGHTS

Retail prices of most food commodities monitored in 15 major markets across Nepal were relatively stable in July 2021. Compared to June 2021, prices of pulses, fruits and soybean oil decreased slightly, while marginal changes were recorded for prices of cereals such as rice and wheat flour. Prices of some vegetables and chicken meat however increased.

Overall, markets are functioning well, and showing improvement in July 2021. Supply and transportation services were stable, and food and non-food commodities were adequate to meet the demand in nearly all locations. Likewise, most traders observed a medium demand for goods, indicating gradual stabilization in most markets across the country. Localized supply disruptions and food insufficiency were however reported in Sudurpashim province.

The demand for labour – one of the key indicators to measure labour markets- was largely found to be stable. The data collected in July showed that the demand for labour was medium as reported by three in four traders, while one in four traders reported that the demand for labour was high.

In August 2021, the overall inflation, as measured by the Consumer Price Index (CPI), remained at 4.2 percent year-on-year and 0.85 percent month-on-month. The CPI of food & beverage was 5.81 percent year-on-year and 1.31 percent month-on-month. The year-on-year inflation of non-food & services was 2.94 percent and 0.5 percent month-on-month.

The overall market situation and essential commodity prices monitored in 24 markets across the country indicate a gradual improvement in functioning of markets in July 2021. This is likely a result of the continued easing of the COVID-19 related restrictions and relatively few and localized floods and landslides. However, due to the unrelenting uncertainty related to disruptions caused by the COVID-19 pandemics and monsoon season, market situation remains volatile, and can potentially lead to further negative impact on overall food access.



Prices of food staples, fruits and pulses remained relatively stable or decreased. Vegetable prices mostly increased.



Sufficient availability of food & non-food reported by majority of traders.



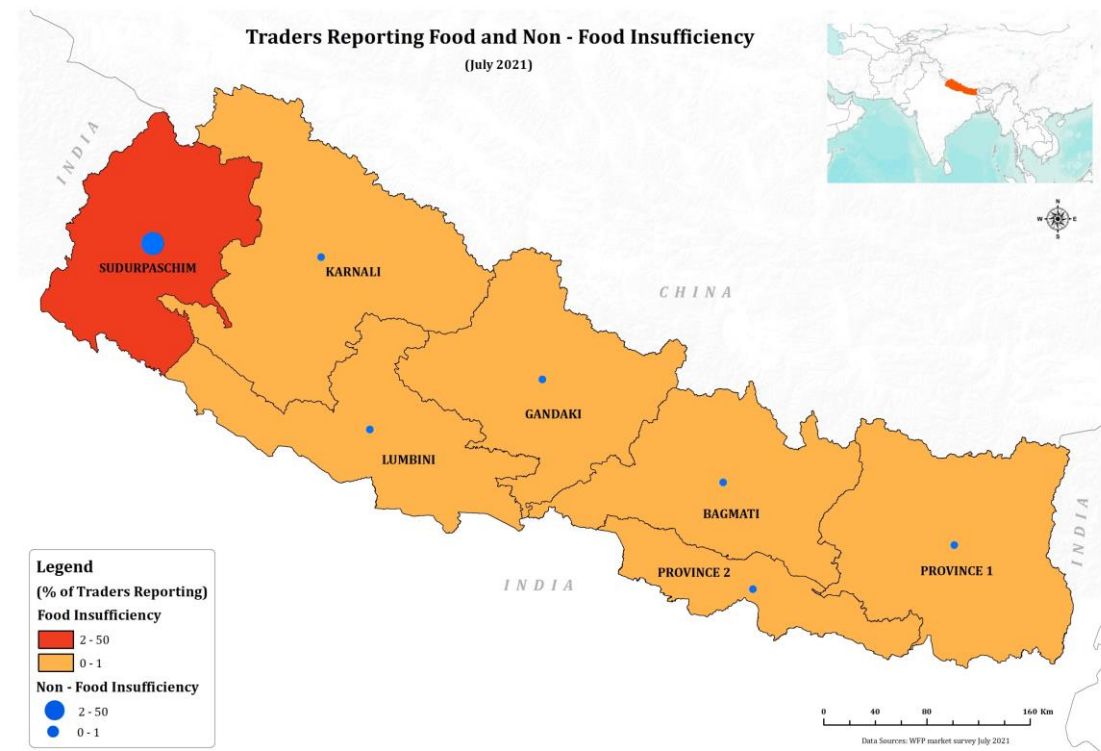
Medium level of demand for commodities reported by nearly all traders.



Medium level of supply and transportation reported by more than 79 percent of traders.



Medium level of demand for labour reported by more than 83 percent of traders



MARKET OVERVIEW

Food and non-food essential commodities were sufficient to meet the demand in markets across the 24 surveyed districts at the end of July 2021. Nearly 92 percent of traders reported that food and non-food commodities were sufficiently available in markets during the reporting period. This indicates a relative improvement in the overall availability of food and non-food commodities in markets in July. In comparison, 8 percent of traders observed that food and non-food commodities were insufficient in the markets in July 2021, while in June, nearly one fourth of traders reported insufficiency of food and non-food commodities in the monitored markets.

At provincial level, most provinces reported adequate volumes of food and non-food items in market. Insufficient availability of food and non-food commodities was reported mainly in the remote districts of Sudurpashim province- in Bajura and Bajhang- which are frequently obstructed by landslides and floods.

Demand for food and non-food items also showed a relative improvement in July 2021. Nearly 92 percent of traders reported that the current demand for food was at medium level, and almost all traders reported a medium demand for non-food items across the 24 surveyed markets. Compared to June 2021, demand in July stabilized—in June, over 54 and 79 percent of traders reported high demand for food and non-food items, while in July low and high demand was nominal as presented in Figure 2. At provincial level, a relatively high demand was observed in Bagmati, as reported by one third of traders, while low demand for food commodities was found in Gandaki (50 percent of traders reporting).

In line with the availability of commodities, supply and transportation of goods remained stable in July 2021. Supply of goods to markets was reported to be medium by nearly 88 percent of traders, and 79.2 percent of traders reported medium transportation levels. Compared to June 2021, both supply and transportation indicate a stabilization, with more traders observing medium levels and less low and high. In June, 20.8 and 12.5 percent traders reported low and high supply respectively. In July 2021, low and high supply was significantly lower as presented in Figure 3. At provincial level, similar to availability of goods, supply and transportation was low only in Sudurpashim province, as reported by one fourth of traders. A stable supply and transportation of goods was reported by almost all traders in Province 2, Bagmati, Gandaki, Lumbini and Karnali provinces.

Figure 1: Availability of food and non-food commodities in the markets (% of traders)

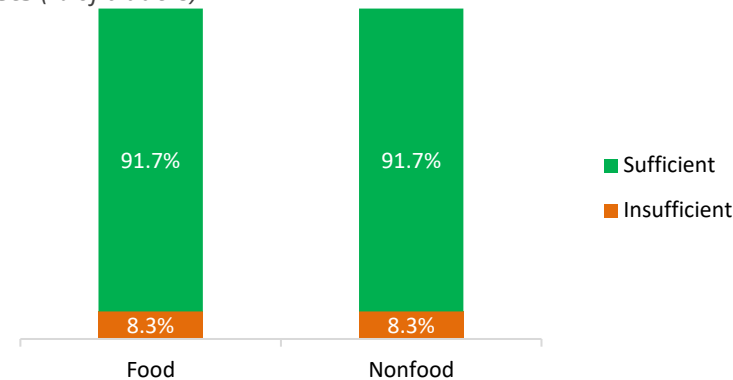


Figure 2: Demand for food and non-food items in the markets (% of traders)

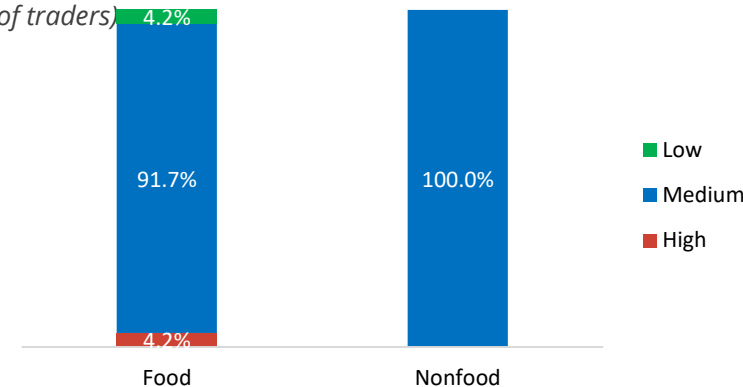
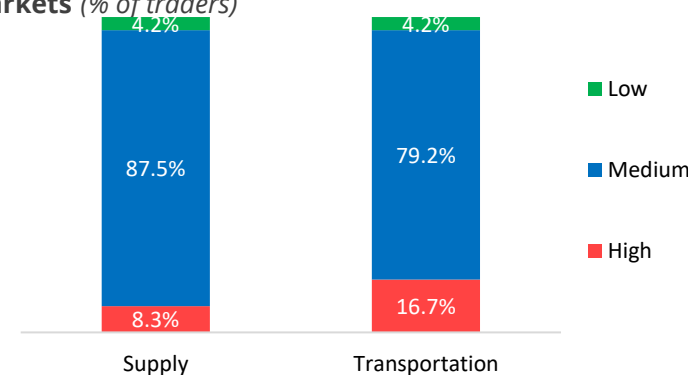


Figure 3: Supply and transportation situation (level) in the markets (% of traders)



LABOUR MARKET

Similar to commodity market, labour demand was mostly stable during the reporting period. More than 83 percent of traders reported that the demand for labour was medium in July 2021, while high and low demand for labour was observed by 8.3 percent of traders each, as presented in Figure 4. Almost all traders in Provinces 1 and 2, Lumbini and Karnali provinces stated that demand for labour was medium. In Sudurpaschim and Bagmati provinces, two thirds and three fourths of traders reported medium demand for labour, respectively. Low demand for labour was reported by 50 percent of traders in Gandaki province and one fourth of traders in Sudurpaschim province. Two thirds of traders from Bagmati province noted that the demand for labour was high in July, mainly in the major urban areas such as Kathmandu and Makwanpur.

PRICE SITUATION

In July 2021, retail prices of most food commodities monitored in 24 districts across the country remained relatively stable. Compared to June 2021, retail prices of tomato, chicken meat and cabbage showed an increase, while retail prices of cereals such as rice and wheat flour remained stable. The retail prices of fruits, pulses, like broken lentil and chickpea, and red potato and milk indicated a marginal decline as shown in Table 1. The price of tomato, chicken meat and cabbage increased sharply by 18, 8 and 6 percent respectively compared to the last month.

In terms of three-month changes, retail prices of most food commodities showed an upward trend with a sharp increase in prices of vegetables such as cabbage and tomato, and fruits, and marginal increase for broken lentils, apple and banana. Similarly, year-on-year changes in retail prices show an overall increasing trend, with relatively sharp increase in the prices of orange, soybean oil, cabbage, tomato and medium rice (*Sona Mansuli*), including moderate increase for broken lentils, chickpea and banana prices, as shown in Table 1.

At provincial level, retail prices of most commodities in all provinces showed similar trend with relatively higher fluctuations in Province 2, Bagmati and Gandaki provinces. Moreover, retail prices of most commodities remained higher in Karnali province compared to other provinces: prices of most food commodities are 13 - 45 percent higher in Karnali than in Province 2 and Province 1, as shown in Table 2.

Overall, marginal price fluctuations observed for most commodities monitored across the country indicate a relative stabilization in July, after a sharp increase in June 2021. Nevertheless, due to the continued uncertainty, market volatility remains a risk, and may threaten livelihood and food security of the poor and vulnerable people who are losing jobs and income- mainly those working in informal sectors like daily wage laborers. This trend is negatively affecting both consumers and smallholder farmers who rely on cash crops such as seasonal and off-season vegetables. These farmers are often unable to sell their perishable items at a reasonable price on time, resulting in income reduction or loss of their primary source of livelihood.

Figure 4: Labour demand in the markets (% of traders)

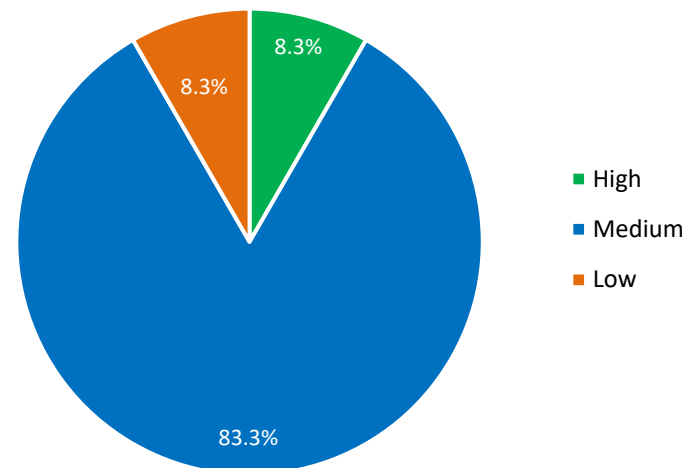


Table 1: Average retail price of food commodities (NPR/kg or ltr or doz.)

Commodity	Jul-2021	1 month	3 month	1 year
Rice coarse	49	0%	-1%	4%
Rice medium (<i>Sona Mansuli</i>)	65	0%	4%	18%
Wheat Flour (<i>atta</i>)	55	0%	3%	-6%
Lentil Broken	141	-5%	6%	13%
Chickpeas	128	-1%	2%	13%
Soyabean Oil	249	-1%	3%	65%
Chicken meat	436	8%	2%	0%
Milk	87	-1%	-2%	-1%
Red Potato	48	-7%	4%	-10%
Cabbage	60	6%	65%	38%
Tomato	85	18%	63%	22%
Apple	268	-5%	6%	-3%
Banana	110	-4%	5%	7%
Orange	279	5%	68%	107%

METHODOLOGY

Nepal mVAM market monitoring conducts market survey in the fourth week of every month across the country with an aim to monitor the prices of food commodities and assess the impact on COVID-19 pandemic and other shocks. During the period presented in this June report, 48 traders from 24 districts were interviewed through telephone. The information assessed includes availability of food and non-food essential items, demand and supply, transportation and labour demand, including the retail prices of basic food items and the wage rate of skilled and unskilled labour. The information on prices was reported directly by the traders, and therefore may not reflect the market price or the actual transaction value.

Table 2: Retail prices of essential commodities by Province (NPR/kg or ltr or doz or gm)

Commodities	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Rice coarse	48.0	44.0	47.0	55.0	47.3	70.7	49.0
Rice (Sona Mansuli)	60.0	48.3	71.3	70.0	57.3	104.5	71.3
Wheat Flour (atta)	61.7	60.0	58.3	54.0	49.0	81.5	48.3
Peas	138.3	130.0	146.7	152.5	131.7	165.8	151.7
Chickpea	118.3	110.0	136.7	132.5	120.0	185.8	141.3
Lentil Broken	135.0	130.0	140.0	145.0	143.7	183.3	155.0
Blackgram	168.3	156.7	143.3	165.0	170.0	211.7	152.5
Soyabean Oil	240.0	226.7	276.7	230.0	258.3	276.7	253.8
Mustard Oil	310.0	276.7	346.7	280.0	251.7	353.3	306.3
Chicken meat	413.3	380.0	423.3	435.0	393.3	563.3	457.5
Fish	370.0	383.3	483.3	360.0	416.7	600.0	350.0
Egg	18.3	15.0	14.0	15.0	14.7	18.3	17.8
Milk	68.3	80.0	80.0	105.0	80.0	100.0	92.5
Red Potato	48.3	50.0	58.3	56.0	38.3	56.7	47.5
Tomato	61.7	80.0	96.7	77.5	80.0	125.0	105.0
Cabbage	40.0	60.0	70.0	65.0	56.7	75.0	56.3
Green leaves (rayo sag)	53.3	70.0	40.0	115.0	55.0	188.0	110.0
Pumpkin (yellow)	50.0	63.3	60.0	57.5	46.7	80.0	100.0
Carrot	70.0	80.0	86.7	140.0	200.0	151.7	70.0
Peanut	206.7	180.0	146.7	230.0	200.0	516.7	200.0
Orange	240.0	215.0	300.0	280.0	260.0	325.0	290.0
Apple	260.0	270.0	300.0	297.5	243.3	240.0	300.0
Banana	90.0	86.7	110.0	125.0	106.7	221.7	117.5
Market wage of unskilled labour	758.3	800.0	1166.7	825.0	800.0	658.3	775.0



For further information



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