

mVAM MARKET UPDATE NEPAL #2

June 2022



World Food Programme

SAVING
LIVES
CHANGING
LIVES



KEY HIGHLIGHTS



Compared to last year, **prices of essential commodities** showed an upward trend, increasing pressure on vulnerable households. Prices of edible oil, wheat flour and pulses increased sharply. The inflation rate rose to 8.56 percent in June 2022, year-on-year.



Insufficient availability of commodities was reported mainly in urban markets and large consumer markets; in Bagmati province- 43 percent reported not having enough food stock to meet the demand and 71 percent reported inadequate non-food stocks. **Demand** for food and non-food commodities is on a decline.



Certain commodities, including edible oils were reported as scarce by 91 percent of traders, followed by rice (64%) and pulses (46%). In Karnali and Province 1, all traders reported scarcity of rice and edible oil stocks.



Supply and transportation of goods remained stable at a medium level; however, increases in the cost of transportation was reported by majority of traders (86%)



Demand for labour was reported as medium by most traders (78%), while 17 percent reported low demand, mainly in Province 1 and Madhesh Province.

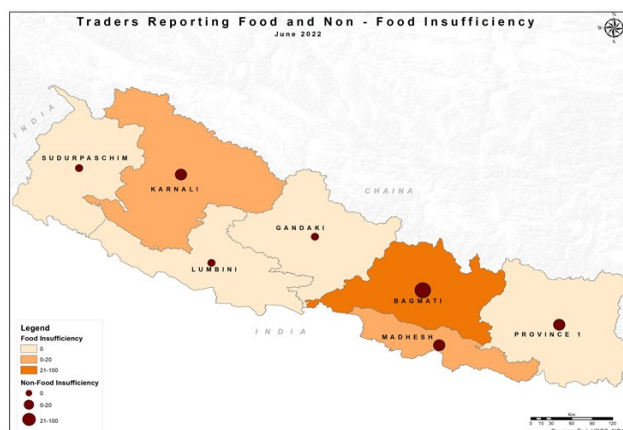
JUNE MARKET MONITORING:

MARKETS

Food Availability: Majority of traders across the 23 surveyed districts, reported that food stocks were adequately available in the market to meet demand. However, insufficient food stocks were observed mainly in provinces with relatively large number of consumers and urban markets, such as in Bagmati province, where 43 percent reported that stocks are inadequate to meet demand. A similar trend was observed for non-food commodities, where insufficient stocks were observed mainly in Bagmati province. Certain commodities were found to be scarce - almost all traders reported that edible oil was insufficient (91%), followed by rice (64%) and pulses (45.5%). Fuel shortage was only reported in Bagmati province, by 67 percent of traders.

Moreover, more than 71 percent of traders in Bagmati province reported that edible oil and rice would likely be scarce in the coming months, followed by wheat and pulses (43% each). In Karnali province, 25 percent of traders reported concerns about potential scarcity of edible oil, and 12.5 percent for rice. Similarly, in Province 2, potential scarcity of edible oil and pulses was each raised by 14 percent of traders.

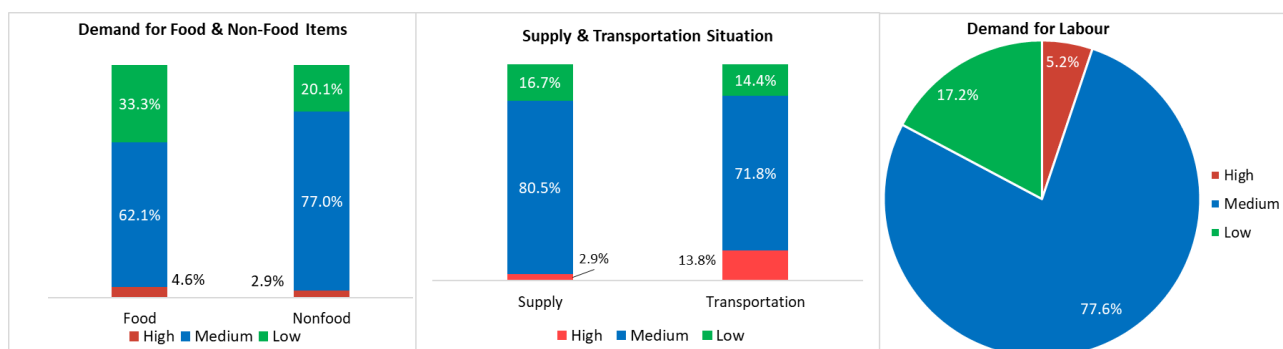
Demand: Demand for food and non-food items shows a declining trend in June, compared to May 2022. About 62 and 77 percent of traders reported that demand for food and non-food commodities was at medium level, and 33 and 20 percent at low level, respectively. Low demand has risen compared to May, when it was reported by



14.6 and 10 percent for food and non-food items. High demand was observed only by 5 percent of traders for food items and 3 percent for non-food items in June, while it was 24 and 7 percent in May. At provincial level, low demand for food commodities was more prevalent in Lumbini (52%), Sudurpaschim (44%) and Madhesh (43%).

Supply and Transportation: Supply and transportation of goods to markets remained stable in June 2022; however, increase in transportation costs has been observed in all the surveyed districts. More than 86 percent of traders noted an increase in fuel prices. All traders observed this rise in Bagmati province (99%) followed by Province 1 (96%), and Gandaki (92%).

Demand for labour: Labour demand remained stable and largely at medium level during the reporting period. Around 78 percent of traders observed a medium demand for labour while 17 percent reported a low demand in June 2022.



PRICES:

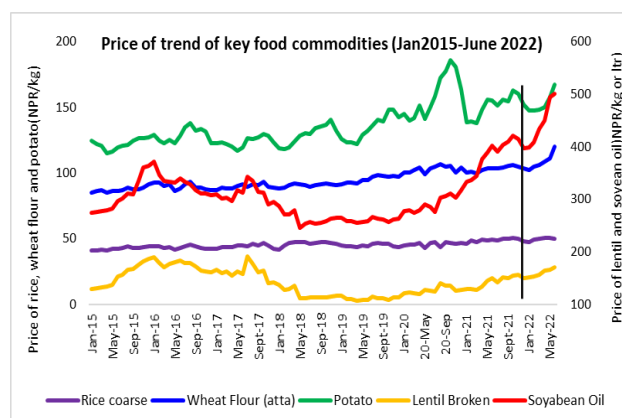
In June 2022, retail prices of most commodities monitored across 15 major markets showed a continued increase, with relatively higher rise for prices of cabbage, apple, wheat flour, banana and lentils. Prices of cereals such as rice, soybean oil, milk and potato marginally increased, while prices of tomato and chicken meat declined.

Compared to May 2022, retail prices of cabbage, apple, and wheat flour rose sharply, while prices of chicken meat, egg and tomato declined, as shown in Table 1.

In terms of the 3-month change in price, increase was recorded for all essential commodities. The highest spike was observed for the prices of tomato, cabbage, banana, orange, soyabean oil and wheat flour.

Similarly, year-on-year changes in retail price showed an upward trend, with relatively sharp increase in the prices of vegetables, pulses, egg, wheat flour and edible oil (see Table 1).

At provincial level, most commodities monitored in provincial markets showed a similar trend as in the national average. However, retail prices of commodities showed a slightly higher increase in Karnali and Gandaki Provinces. Overall, essential



goods are mostly higher in Karnali, ranging from 15 to 45 percent higher compared to Madhesh Province, as shown in Table 2.

As a result of rising food prices over the period, the cost of the food basket- including rice, pulses, vegetable oil, egg and vegetables - showed a persistent increase. For example, the cost of food basket increased from NPR 70.2 in April to NPR 75.1 per person day in June 2022, a 7 percent increase. This can further pressure the ability of Nepalese households to access basic food commodities, which are critical for maintaining their food security and nutritional status.

Considering the global outlook for supply chain and market indicates continued disruptions, it is anticipated that prices of these commodities could increase further in Nepal in the coming months.

Table 1. Average retail price and percentage increase in June 2022

Commodity	Price	Price change		
		1 month	3 month	1 year
Rice (coarse)	50	-0.6%	1.9%	3.0%
Rice (Sona Mansuli)	70	1.6%	5.7%	6.4%
Wheat Flour (atta)	63	3.8%	11.3%	15.0%
Lentil Broken	170	2.6%	8.2%	13.8%
Chickpea	141	1.7%	9.1%	9.1%
Soyabean Oil	330	0.2%	19.2%	30.5%
Chicken meat	441	-4.9%	4.3%	9.1%
Egg	18	-2.4%	2.9%	20.4%
Milk	94	1.5%	4.9%	7.5%
Red Potato	47	0.4%	10.8%	-9.9%
Cabbage	64	16.9%	36.2%	12.9%
Tomato	101	-15.6%	65.8%	40.0%
Apple	314	6.6%	15.5%	11.8%
Banana	129	3.6%	23.6%	13.1%
Orange	195	2.2%	29.8%	-26.9%

Inflation rate, as measured by Consumer Price Index (CPI), rose to **8.56 percent in June 2022**, year-on-year.

The CPI of **food and beverage** group increased by **7.43 percent**, and **non-food and services** group by **9.44 percent**.

Fuel price, which is one of the largest contributors in rising food prices, showed a continuous **increase by 45, 60 and 19 percent** in prices of petrol, diesel and LP Gas, respectively.

METHODOLOGY:

WFP Nepal regularly monitors and conducts market survey using the mobile Vulnerability Assessment and Mapping (mVAM) method. This market survey was conducted in the fourth week of June 2022 across the country with the aim to monitor the prices of food commodities and assess the impact of the global market and supply chain disruptions.

In June 2022, 43 traders from 25 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. Average retail price of essential commodities per province, June 2022

Commodity	Province 1	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Apple	319	268	313	292	316	263	309
Banana	115	98	123	135	115	195	121
Blackgram	172	133	158	167	121	187	142
Cabbage	48	67	60	78	73	78	54
Carrot	97	93	85	114	135	138	100
Chicken meat	432	322	395	434	421	546	461
Chickpeas	117	119	128	130	114	162	130
Egg	17	17	17	17	16	22	17
Fish	459	333	580	485	433	694	419
Green leaves (<i>rayo sag</i>)	87	83	87	88	98	225	92
Lentil broken	169	158	166	165	162	182	168
Market wage of unskilled labour	902	874	1067	969	664	850	677
Milk	89	84	91	108	90	106	90
Mustard Oil	336	313	342	342	312	381	345
Orange	300	190	217	200	180	147	151
Peanut	221	165	130	214	187	626	213
Peas	133	127	143	133	124	167	137
Pumpkin (<i>yellow</i>)	49	42	62	49	48	114	48
Red potato	47	39	42	47	42	57	46
Rice (<i>Sona Mansuli</i>)	58	64	74	61	52	89	61
Rice coarse	49	49	52	49	43	62	43
Soyabean oil	311	292	332	330	305	353	318
Tomato	81	98	84	103	98	160	88
Wheat flour (<i>atta</i>)	68	58	70	62	52	74	52



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