



World Food Programme

SAVING LIVES  
CHANGING LIVES



### Highlights



**Prices of most essential commodities monitored nationwide remained relatively stable or showed a marginal increase** compared to May 2023. On average, the overall **cost of the food basket was 18 percent higher** in June 2023 than April 2022. Prices of food staples and pulses showed marginal fluctuations, however the price of some vegetables increased sharply. **The cost of the food basket in Karnali was 17 percent higher than the national average.**



The majority of traders reported **sufficient availability of both food and non-food commodities**, except for a few traders in remote areas of Lumbini Province who reported insufficient availability of some food items.



In line with the general stabilization of availability of food and non-food items observed in May 2023, **demand for food and non-food commodities** was reported as **stable or medium level** by over 81 percent of traders.



**Medium level of supply and transportation of goods** was reported by almost all traders in June 2023. About 12 percent of traders reported an increase in transportation cost compared to the previous month.



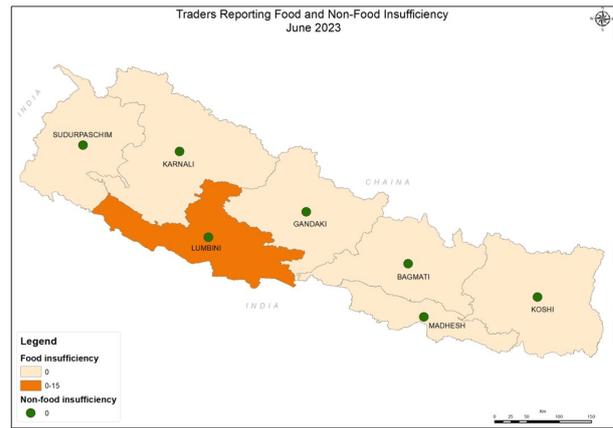
Over 88 percent of traders reported a **moderate level of demand for labour**, compared to 98 percent in May 2023.

# JUNE MARKET MONITOR

## MARKETS

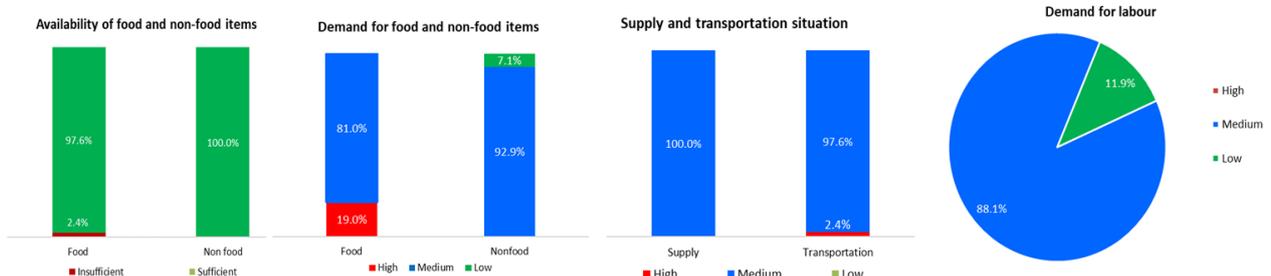
**Food availability:** Availability of both food and non-food commodities was sufficient and stable in June 2023. However, localized scarcity in a few rural markets for some food items was reported in remote districts of Lumbini Province. More than 97 percent of traders in the 38 districts monitored reported that food and non-food items were available in sufficient quantities, similar to 98 percent of traders in May 2023. Almost all traders expressed optimism that commodities will be sufficiently available in the upcoming month, indicating a stable supply and transportation situation, together with smooth functioning of markets across the country.

**Demand:** Demand for food and non-food commodities remained mostly stable with some fluctuations observed this month. About 81 and 93 percent of traders reported medium levels of demand for food and non-food commodities in June 2023, compared to 88 and 98 percent in May 2023, respectively. High demand for food items was reported by 19 percent of traders, mainly from mountain and hill markets such as Humla, Mugu, Jumla, Rukum and Panchthar, an increase compared to 12 percent in May 2023. 7.1 percent of traders reported low demand for non-food commodities in June, compared to 2 percent in the previous month. Overall, traders reporting medium levels of demand for food and non-food items marginally decreased while that for high demand increased compared to the previous month, indicating a stable situation and smooth functioning of markets across the country.



**Supply and transportation:** Supply and transportation remained mostly stable across the country. In line with the demand for commodities, supply and transportation of goods to markets remained mostly stable in June 2023. A moderate level of supply and transportation was reported by almost all traders, similar to 98 percent in the previous month. Traders indicating high level of supply and transportation decreased and those reporting low level of supply remained stable when compared to May 2023. Nearly 12 percent of traders reported an increase in transportation costs in June compared to May 2023. Around 88 percent of traders reported that transportation costs would remain stable in the coming months.

**Demand for labour:** Demand for labour remained mostly stable in June. More than 88 percent of traders reported medium levels of demand for labour in June, slightly lower than the 92 percent reported the previous month. 12 percent of traders reported low demand for labour, compared to 4 percent in May. No traders reported high demand for labour in June.



## PRICES

Retail prices of most food commodities monitored in 16 major markets across the country remained relatively stable or experienced some increase in June 2023 compared to the previous month. A relatively higher increase in the average price of certain fruits, potatoes and cabbage was reported (**table 1**), while a marginal increase was seen in the price of rice, chickpeas and sugar. Prices of wheat flour, soybean oil and bananas dropped, while that of lentils, eggs and milk remained largely stable compared to May (see table 1). This could be attributed to the stability in supply across the country. Transportation services also remained relatively stable but could be affected in the event of a monsoon induced disaster.

Sharp price increases of more than 17 percent were reported for potatoes and cabbage.

**Table 1: Average retail price and price trends, June 2023**

Commodity	NPR	1 month	3 month	1 year
Rice coarse	56	1%	3%	11%
Rice ( <i>Sona mansuli</i> )	81	0%	5%	15%
Wheat flour ( <i>atta</i> )	84	-1%	0%	34%
Lentil broken	165	0%	2%	-3%
Chickpea	128	3%	-3%	-9%
Sugar	96	1%	1%	20%
Soyabean oil	244	-2%	-5%	-26%
Chicken meat	457	6%	8%	4%
Egg	18	0%	4%	-2%
Milk	111	0%	2%	17%
Red potato	50	17%	37%	6%
Cabbage	42	20%	4%	-34%
Tomato	62	0%	-1%	-39%
Apple	331	8%	16%	5%
Banana	136	-2%	5%	6%
Orange	218	4%	20%	37%

The prices of apples and chicken meat increased by at least 6 percent, while the price of wheat flour, soybean oil and bananas decreased by more than 1 percent, likely due to increased supply.

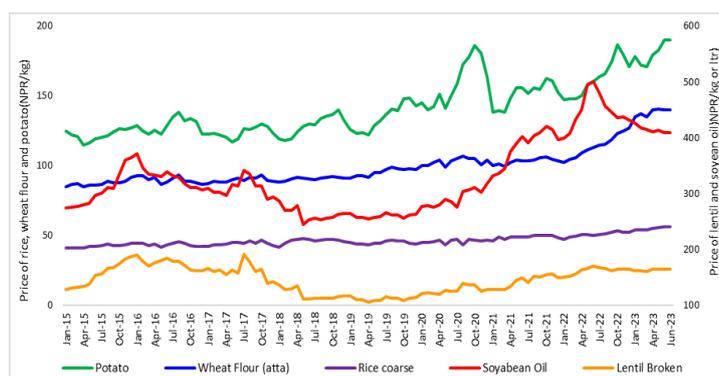
Over the last three months, prices of fruits, chicken meat and some vegetables generally showed an upward trend, while a marginal rise was recorded in the price of cereals, sugar and lentils. Prices of edible oil and chickpeas decreased.

Year-on-year price changes largely indicate high fluctuations of most food commodities, with a sharp rise in the price of oranges (37 percent), wheat flour (34 percent), sugar (20 percent), milk (17 percent) and rice (15 percent), while soybean oil, cabbage and tomato showed a sharp decline. Prices of lentil broken, chickpeas and eggs marginally declined. Figure 1 shows a downward trend or stability in prices (except for potatoes) after the sharp increase recorded in 2022 due to the global crisis.

Retail prices in major provincial markets monitored in June 2023 showed some regional disparities. A relative overall decline in the price of most food commodities was recorded in Koshi and Madhesh provinces, while relatively stable with marginal increase was reported in Bagmati, Gandaki and Sudurpaschim provinces as shown in Table 3. However, sharp increases in prices of potatoes and apples was recorded in most provinces.

Sharp increases for certain commodities were recorded mainly in Koshi, Madhesh and Gandaki, where prices of potatoes increased by more than 15 percent, together with a notable increase of apple price in Koshi, Bagmati, Lumbini and Karnali province.

**Figure 1: Price trend of key food commodities (Jan 2015– June 2023)**



**Inflation** as measured by the Consumer Price Index (CPI) increased by 6.83 percent year-on-year (y-o-y) and 0.53 percent month-on-month (m-o-m) in June 2023. The CPI of **food and beverages** was 5.66 percent y-o-y and 1.28 percent m-o-m. **Fuel price**, one of the largest contributors to food prices through transportation and production costs remained the same in June compared to May 2023. However, prices of petrol and diesel remain **3 and 1.3** percent, higher than June 2022, respectively. **Exchange rate** of NPR against USD decreased by 0.7 percent m-o-m in June 2023 and increased by 6.3 percent y-o-y, likely contributing to the rise in prices of imported commodities and agricultural inputs.

## PURCHASING POWER

**Purchasing power of daily wage labourers decreased marginally in June 2023 compared to May 2023 and was mainly low in regions with a high prevalence of food insecurity.**

An unskilled labourer could purchase 9.0 kgs of medium rice in the mountain areas, 10.6 kgs in the hills and 11.1 kgs in the Terai with the daily wage in June 2023, compared to 9.4, 10.7 and 11.7 kgs respectively in the same areas in May 2023. The purchasing power in all ecological belts marginally decreased due to slight increase in the price of rice compared to daily wage.

Notable differences in purchasing power were found at the provincial level. An unskilled laborer could purchase 12.1 kgs and 10.9 kgs of medium rice with a day's wage in Lumbini and Koshi provinces, respectively, while in Karnali and Bagmati provinces, a labourer could purchase only 9.3 kgs and 9.8 kgs of rice respectively. In Karnali, this difference in purchasing power is mostly a result of low wage rates in remote and rural areas and relatively higher prices of food commodities (due to relatively low competition and high transportation costs), while in Bagmati it is mainly due to higher food prices compared to wage rates.

## COST OF FOOD BASKET

**The cost of the food basket remained largely stable in June compared to May 2023, and was higher in most food insecure regions due to high food prices.**

In line with the observed changes in retail prices, the cost of the food basket (consisting of rice, pulses, soybean oil, eggs and vegetables) was NPR 86.4 per person per day, 0.2 percent lower than the May 2023 value (NPR 86.6) and 18 percent higher than the cost of food basket in April 2022 (NPR 73.2) - the reference period for the food basket.

The cost of food basket in Karnali Province<sup>1</sup> remained high at NPR 100.9 per person per day in June 2023, an increase of 1 percent compared to May 2023, and 17 percent higher than the national average (Table 2).

The cost of the food basket was lowest in Madhesh Province (NPR 77.7), followed by Lumbini Province (NPR 78.3).

The continuous rise in the cost of the food basket, together with low purchasing power is a concern in areas with higher prevalence of poverty and food insecurity, especially in Karnali Province and the mountain belt. This may lead to limited access to basic food commodities, which is critical for maintaining food security and nutritional status.

*Table 2: Cost of food basket*

Items	Grams (person/day)	Kcal	Cost / person / day (NPR) Nepal April 2022	Cost / person / day (NPR) Nepal June 2023	Cost / person / day (NPR) Karnali June 2023
Rice white, medium grain	350	1,260	22.75	28.4	35.35
Lentils	90	309	13.95	14.9	16.38
Soybean oil	35	309	8.40	8.5	9.07
Egg	60	86	14.00	18.0	18.00
Sugar	35	135	2.80	3.4	4.03
Iodized salt	5	0	0.10	0.1	0.19
Milk, cow	100	61	8.50	11.1	14.60
Leaves, dark green e.g. broad mustard leaves	30	7	2.70	2.1	3.30
<b>Total</b>		<b>2167</b>	<b>73.2</b>	<b>86.4</b>	<b>100.9</b>

<sup>1</sup> Calculations for the cost of the food basket in Karnali Province excludes Dolpa and Humla districts.

<sup>2</sup> The cost of food basket updated in April 2022 and is taken as reference for this period.

## OUTLOOK

Food prices, in particular of off-season vegetables, rice and fruit, are likely to continue to rise over the coming months as the lean season progresses. The rains in most parts of the country during monsoon season are likely to be below normal due to the El Niño phenomenon. As a result of this, paddy plantation across the country is relatively low compared to same period last year - estimated at 53 percent compared to 65 percent in 2022, as of mid July 2023. This will negatively affect crop production mainly paddy rice, the major summer crop of Nepal - which will likely contribute to low food availability and potential high prices compared to an average year.

## METHODOLOGY

WFP Nepal regularly monitors and conducts market surveys using the mobile Vulnerability Assessment and Mapping (mVAM) method. This market survey was conducted in the fourth week of June 2023 across the country aimed at monitoring the prices of food and non-food commodities and assess the impact of the global market and supply chain disruptions.

In June 2023, 45 traders from 38 districts were interviewed through telephone and face to face. The information assessed includes availability of food and non-food items, demand and supply, transportation and labour demand, including the retail prices of basic food items and the wage rate of 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. To calculate purchasing power, the ratio between average minimum daily wage rate and the price of medium rice is compared, a method commonly used for estimating purchasing power as a terms of trade.

**Table 3: Average retail price of essential commodities by province, June 2023**

Commodities	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Apple	336	330	350	325	343	363	312
Banana	126	100	120	146	120	187	123
Blackgram	174	179	174	183	167	188	172
Cabbage	39	48	35	40	41	52	38
Carrot	93	123	113	111	96	137	160
Chicken meat	456	390	451	443	424	588	480
Chickpeas	128	111	124	120	124	151	135
Egg	20	17	20	20	18	18	19
Fish	414	350	388	400	404	713	617
Green leaves ( <i>Rayo sag</i> )	56	51	33	35	36	143	59
Lentil broken	159	141	158	161	155	182	170
Market wage of unskilled labour	743	750	825	788	814	938	917
Milk	93	95	123	128	101	146	95
Mustard oil	302	240	230	228	234	311	273
Orange	210	230	210	205	200	260	230
Peanut	215	225	190	220	213	728	240
Peas	135	115	130	133	123	152	147
Pumpkin (Yellow)	53	57	60	65	42	70	43
Red potato	51	53	43	48	41	54	48
Rice ( <i>Sona mansuli</i> )	68	74	85	80	68	101	89
Rice coarse	53	49	54	56	55	63	54
Salt	25	24	28	28	24	38	26
Soyabean oil	228	234	208	225	226	259	251
Sugar	95	80	100	100	94	115	98
Tomato	55	66	34	55	64	78	70
Wheat flour ( <i>atta</i> )	88	68	88	85	78	98	81

**Note:** Average price in Karnali Province includes the price of food commodities of Dolpa and Humla districts. Among provinces, red indicates the highest price, while dark green indicates the lowest price of a commodity.



World Food Programme Nepal  
Kathmandu, Nepal.  
Telephone: +977 1 5260607  
More info: sridhar.thapa@wfp.org  
Photo credits: Srawan Shrestha