



World Food Programme

SAVING LIVES  
CHANGING LIVES



### Highlights



Prices of most essential commodities monitored nationwide showed a marginal increase or remained relatively stable compared to June 2023. On average, the overall **cost of the food basket was 19 percent higher** in July 2023 than April 2022. Prices of food staples mainly rice and fruits showed a marginal increase, however, the price of some vegetables increased sharply. **The cost of the food basket in Karnali was 18 percent higher than the national average.**



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



In line with the general stabilization of availability of food and non-food items observed in June 2023, **demand for food and non-food commodities** was reported as **stable or medium** by 62 and 82 percent of traders, respectively.



**Medium level of supply and transportation of goods** was reported by over 80 percent of traders in July 2023. About 8 percent of traders reported an increase in transportation cost compared to the previous month.



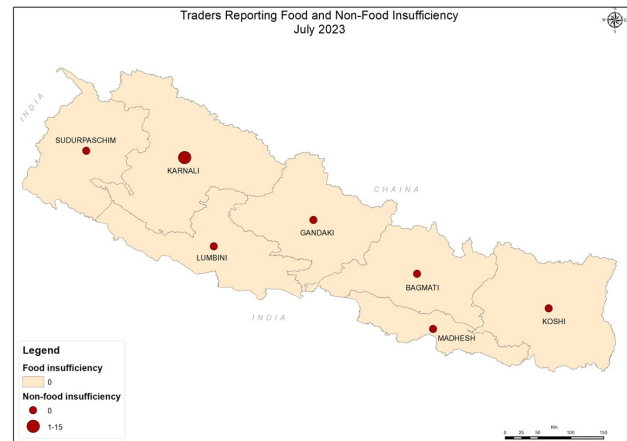
About 92 percent of traders reported a **moderate level of demand for labour**, compared to 88 percent in June 2023.

# JULY MARKET MONITOR

## MARKETS

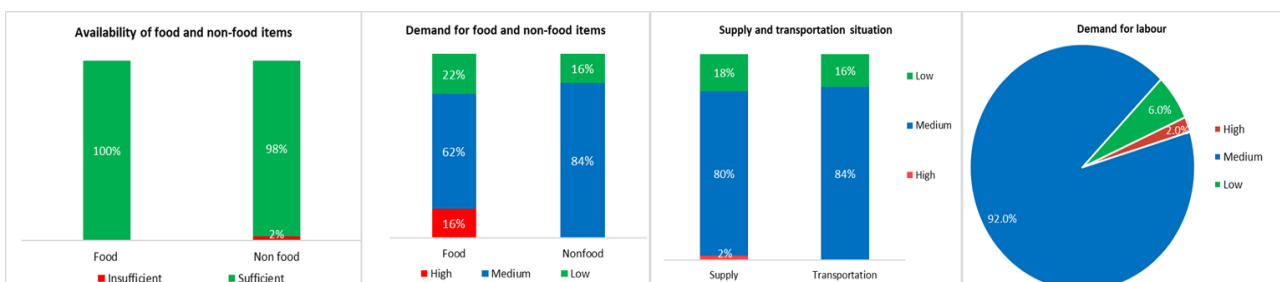
**Food Availability:** Availability of both food and non-food commodities was mostly sufficient and stable in July 2023. However, localized scarcity in a few rural markets for some food items was reported in mountain district of Karnali Province. Over 98 percent of traders in the 37 districts monitored reported that food and non-food items were available in sufficient quantities, similar to the 97 percent reported in June 2023. Almost all traders expect most commodities to be sufficiently available in the upcoming month. However, few traders from Madhesh and Sudurpaschim provinces raised concerns about potential scarcity of rice in the coming month, probably due to the speculation on the impact of the export ban of non-basmati rice by India.

**Demand:** Demand for food and non-food commodities remained largely stable with few fluctuations observed this month. About 62 and 84 percent of traders reported medium levels of demand for food and non-food commodities in July 2023, compared to 81 and 93 percent in June 2023. High demand for food items was reported by 16 percent of traders, mainly from mountain markets of Karnali province, a decline of 3 percent compared to June 2023. Similarly, 22 and 16 percent of traders reported low demand for food and non-food items in July, compared to 7 percent in the previous month. Overall, traders reporting medium levels of demand for food and non-food items marginally decreased while those reporting low demand increased compared to the previous month, likely due to low demand during lean season.



**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 largely stable in July 2023. A moderate level of supply and transportation was reported by 80 and 84 percent of traders, a decline of nearly 18 percent compared to the previous month. This could be due to partial and/or localized obstruction of roads and transportation caused by landslides and floods. Traders indicating low level of supply and transportation increased and those reporting high level of supply remained stable compared to June 2023. About 8 percent of traders reported an increase in transportation costs in July compared to June 2023.

**Demand for Labour:** Demand for labour remained mostly stable in July 2023. About 92 percent of traders reported medium levels of demand for labour in July, slightly higher than the 88.1 percent reported in the previous month. Similarly, 6 percent of traders reported low demand for labour, compared to 12 percent in June. Only two percent of traders reported high demand for labour in July.



## PRICES

Retail prices of most food commodities monitored in 16 major markets across the country increased or remained relatively stable in July 2023 compared to the previous month.

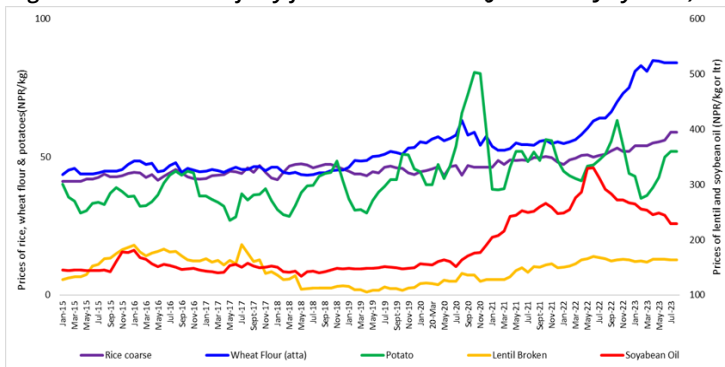
A relatively higher increase in the average price of tomato, potatoes and certain fruits such as orange was reported, while a marginal increase was observed in the price of rice, eggs and sugar. Price of tomatoes showed a sharp increase (70 percent), followed by potatoes and orange (8 percent). The prices of rice coarse and medium rice, sugar and eggs increased marginally by around 2 percent, while the price of soybean oil and chickpea decreased by more than 1 percent, likely due to increased supply. However, prices of wheat flour, lentils and milk remained largely stable compared to June (see table 1 below).

The increase in prices of some food items could be attributed to the lean season for some

Table 1: Average retail price and price trends, July 2023

Commodity	NPR	1 month	3 month	1 year
Rice coarse	59	3%	5%	15%
Rice ( <i>Sona mansuli</i> )	84	2%	2%	14%
Wheat Flour ( <i>atta</i> )	85	0%	-4%	29%
Lentil Broken	164	0%	-2%	-2%
Chickpea	131	-1%	-1%	2%
Sugar	102	2%	5%	3%
Soyabean Oil	229	-3%	-6%	-24%
Chicken meat	475	1%	9%	8%
Egg	20	2%	17%	9%
Milk	113	0%	-3%	15%
Red Potato	52	8%	29%	7%
Cabbage	45	0%	-1%	-27%
Tomato	111	70%	61%	21%
Apple	349	5%	22%	24%
Banana	142	2%	0%	2%
Orange	235	8%	1%	22%

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



vegetables and fruits, followed by the impact of exporting tomatoes from Nepal to India which reduced the supply of tomatoes in the domestic markets.

Over the last three months, prices of tomato, potatoes, eggs and chicken meat showed a sharp increase due to lean season of potatoes and reduction in supply for chicken meat and eggs, while a marginal rise was recorded in the price of rice, sugar and some fruits. Prices of edible oil, pulses, wheat flour and milk decreased.

Year-on-year price changes largely indicated an upward trend with some fluctuations of few food commodities. A sharp rise in the price of wheat flour (29 percent), apple (22 percent), orange (21 percent), tomato (21 percent) and rice and milk (15 percent) was recorded, while cabbage and soybean oil showed a sharp decline (over 22 percent). Prices of chickpeas, sugar, banana and potatoes marginally increased. 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 Madhesh, Bagmati and Gandaki provinces, while relatively stable with marginal increase was reported in Koshi, Karnali and Sudurpaschim provinces as shown in Table 3. However, sharp increases in prices of tomatoes and apples was recorded in most provinces. For example, price of tomatoes increased by more than 40 percent in all provinces, along with a notable increase in price of potato in Koshi, Gandaki and Karnali provinces.

**Inflation** as measured by the Consumer Price Index (CPI) increased by 7.44 percent year-on-year (y-o-y) and 0.99 percent month-on-month (m-o-m) in July 2023. The CPI of **food and beverages** was 7.38 percent y-o-y and 2.45 percent m-o-m. Annual inflation in FY 2022/23 was 7.74 percent compared to 6.32 percent in FY 2021/22.

**Fuel price**, one of the largest contributors to food prices through transportation and production costs marginally decreased in July compared to June 2023. Prices of petrol and diesel also declined by 9 and 15 percent, respectively, compared to July 2022.

**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 increased marginally in July 2023 compared to June 2023 and was mainly low in regions with a high prevalence of food insecurity.**

An unskilled labourer could purchase 10.1 kgs of medium rice in the mountain areas, 10.5 kgs in the hills and 11.2 kgs in the Terai with a daily wage in July 2023, compared to 9.0, 10.6 and 11.1 kgs respectively in the same areas in June 2023. The purchasing power in mountain and Terai belts marginally increased due to slight increase in daily wage compared to price of rice.

Notable differences in purchasing power were found at the provincial level. An unskilled laborer could purchase 12.4 kgs and 11.7 kgs of medium rice with a day's wage in Lumbini and Koshi provinces, respectively, while in Karnali and Sudurpaschim provinces, a labourer could purchase only 9.3 kgs and 9.5 kgs of rice, respectively.

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.

## COST OF FOOD BASKET

**The cost of the food basket increased marginally in July compared to June 2023, and was higher in most food insecure regions due to higher transportation costs and relatively less availability of food.**

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 87.1 per person per day, 0.8 percent higher than the June 2023 value (NPR 86.4) and 19 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 102.6 per person per day in July 2023, an increase of 2 percent compared to June 2023, and 18 percent higher than the national average (Table 2).

The cost of the food basket was lowest in Madhesh Province (NPR 76.3), followed by Lumbini Province (NPR 79.7).

A continuous rise in the cost of the food basket, combined with low purchasing power is a concern in areas with a high 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 vital to maintaining food security and nutrition.

*Table 2: Cost of food basket*

Items	Grams (person/day)	Kcal	Cost / person / day (NPR)_Nepal_Apr22	Cost / person / day (NPR)_Nepal_Jul23	Cost / person / day (NPR)_Karnali_Jul23
Rice white, medium grain	350	1,260	22.75	29.4	36.1
Lentils	90	309	13.95	14.6	16.1
Soybean oil	35	309	8.40	8.0	8.4
Egg	60	86	14.00	19.0	20.0
Sugar	35	135	2.80	3.6	3.9
Iodized salt	5	0	0.10	0.1	0.1
Milk, cow	100	61	8.50	9.8	14.0
Leaves, dark green e.g. broad mustard leaves	30	7	2.70	2.6	4.1
<b>Total</b>		<b>2167</b>	<b>73.2</b>	<b>87.1</b>	<b>102.6</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 due to the lean season. Rainfall, mainly in Madhesh Province– the food basket of Nepal– **has been insufficient**. As a result, paddy plantation in Madhesh is relatively low compared to same period last year - estimated at 82 percent compared to 93 percent in 2022. This will negatively affect the crop production of 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 July 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 July 2023, 51 traders from 37 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, July 2023**

Commodities	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Apple	347	305	355	359	355	358	376
Banana	124	103	145	141	121	171	130
Blackgram	189	180	188	198	164	190	196
Cabbage	35	43	38	39	47	51	44
Carrot	105	118	149	145	100	147	150
Chicken meat	456	365	413	455	425	588	536
Chickpeas	126	108	112	115	121	153	146
Egg	19	16	20	19	19	20	23
Fish	593	375	594	460	404	717	588
Green leaves ( <i>Rayo sag</i> )	36	56	36	40	45	144	80
Lentil broken	157	143	148	154	155	187	180
Market wage of unskilled labour	829	750	820	850	867	1000	870
Milk	95	95	114	124	96	146	98
Mustard oil	261	243	226	234	234	323	290
Orange	235	248	217	220	217	265	275
Peanut	251	238	284	290	227	754	300
Peas	135	118	136	136	126	151	158
Pumpkin (yellow)	53	57	70	70	51	65	88
Red potato	59	46	48	58	40	59	51
Rice ( <i>Sona mansuli</i> )	71	74	84	78	70	103	92
Rice coarse	54	51	59	56	55	63	60
Salt	25	25	24	24	25	38	24
Soyabean oil	215	213	208	216	223	251	256
Sugar	98	80	99	104	96	118	100
Tomato	82	133	93	100	88	143	134
Wheat flour ( <i>atta</i> )	89	73	89	80	77	100	79

**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.



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