

mVAM MARKET UPDATE NEPAL # 21

January 2024



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Highlights



Prices of most essential commodities monitored across the country decreased in January 2024 compared to December 2023. Prices of most cereals, vegetables and fruit decreased, while a marginal increase in the price of certain food items such as chicken meat, eggs and oranges was reported. On average, the **cost of the food basket was 17.7 percent higher** in January 2024 than the reference month of April 2022. **The cost of the food basket in Karnali Province was 19.7 percent higher than the national average.**



Almost all traders reported **sufficient availability of both food and non-food commodities**. However, a few traders from Dolpa and Humla districts in Karnali Province reported insufficient availability of cooking gas and salt.



Demand for food and non-food commodities was reported as medium by 81.1 and 94.6 percent of traders compared to 82.5 and 92.5 percent, respectively, in December 2023. Over 8 percent of traders reported high demand for food, mainly in the mountain and hilly districts of Karnali and Lumbini provinces.



A stable supply and transportation of goods was reported by nearly 95 percent of traders in January 2024, compared to 95 and 90 percent in December 2023, respectively.



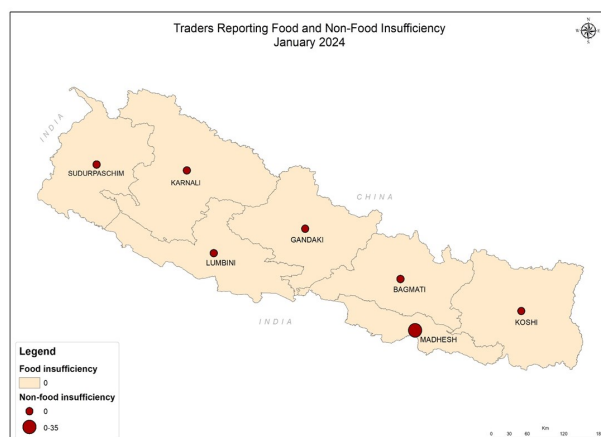
JANUARY MARKET MONITOR

MARKETS

Food availability: Overall, both food and non-food commodities monitored in January 2024 were sufficiently available, with almost all traders monitored reporting that food and non-food items were available in sufficient quantities, as in December 2023. However a few traders in Humla and Dolpa districts reported insufficient availability of some non-food items such as cooking gas, likely due to irregularity in supply by air transport. Almost all traders expect most commodities to be sufficiently available in the coming month, with the exception of a few traders in the hilly districts of Sudurpaschim Province who continued to raise concerns about a potential scarcity of sugar, due to speculation of the export ban from India continuing.

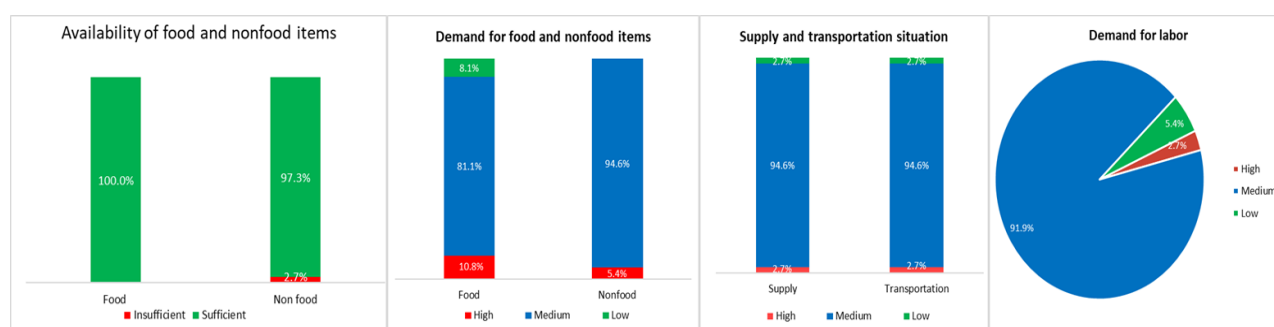
Demand: Demand for food and non-food commodities remained largely stable, with slight fluctuations observed this month. Over 82 percent of traders reported a medium level of demand for food commodities, and nearly 95 percent a medium demand for non-food commodities, compared to 83 and 93 percent, respectively, in December 2023. High demand for food items was reported by 8.1 percent of traders, mainly from markets in Karnali and Lumbini provinces, a decrease of 2.9 percent compared to December 2023. Over 5 percent of traders reported low demand for non-food items. Overall, stability in market demand for food and non-food items, with only marginal fluctuations indicates a smooth functioning of markets, without any disturbance in supply and cross-border trade across the country.

Supply and transportation: In line with the demand for commodities, supply and



transportation across the country was mostly stable in January 2024. Nearly 95 percent of traders reported a moderate level of supply and transportation of goods, and 5.6 percent an increase for transportation, compared to the previous month. Traders reporting a high level of supply and transportation of goods was 2.7 percent, similar to the previous month. Traders reporting a low level of supply and transportation in January 2024 was 2.7 percent, compared to 5 percent in December 2023. Overall the findings show a stable situation of supply and transportation of goods across the country, with only slight fluctuations, mainly in mountain districts.

Demand for labor: Demand for unskilled labor remained largely stable in January 2024, with nearly 92 percent of traders reporting a medium level of demand, compared to 90 percent in December 2023. Over 5 percent of traders reported low demand for labor, compared to 10 percent in December 2023, and 2.7 percent of traders reported high demand, indicating a stable labour market with no increase in employment opportunities, mainly due to the continued off-season for the main agriculture activities.



PRICES

Retail prices of most food commodities monitored in 16 major markets across the country have shown a continued decline since November 2023.

A marginal increase (about 5 percent) in the average price of oranges, chicken meat and eggs was reported, while the price of rice, soybean oil, chickpeas and milk remained stable. A marginal decline in the price of wheat flour, lentils (broken), red potatoes and bananas was observed in January 2024 compared to previous month, while the price of cabbages, tomatoes, and sugar decreased by more than 4 percent (Table 1).

The overall stability in prices of food commodities compared to the previous month can be attributed to the smooth supply of goods across the country, together with sufficient availability due to the summer crop harvest and availability of seasonal vegetables. Over the last three months, most prices showed a declining trend, with sharp decreases in the price of tomatoes, cabbages, oranges and potatoes due to the harvest season.

Year-on-year price changes mostly showed an upward trend, with some sharp fluctuations in the prices of a few commodities. A sharp rise in the price of coarse and medium rice and sugar of more than 14 percent was reported, while a relatively sharp decline was observed in the price of soybean oil and oranges. A moderate increase in the price of eggs, milk and apples (about 10 percent) was also reported. Figure 1 shows an overall downward trend in prices, with a sharp decline in the price of soybean oil compared to the increase observed in 2022 due to the global food and fuel crisis.

Retail prices in major provincial markets monitored in January 2024 showed regional disparities. A relative overall decline in the price of most food commodities was reported in Bagmati, Gandaki, Lumbini and Sudurpaschim provinces, while a marginal increase was reported in Madhesh Province. A relatively higher increase in the price of milk, apples, chicken meat and eggs was reported in most provinces. Overall, higher market fluctuations of vegetable commodities were observed in Madhesh Province.

Table 1: Average retail price and price trends, Jan 2024

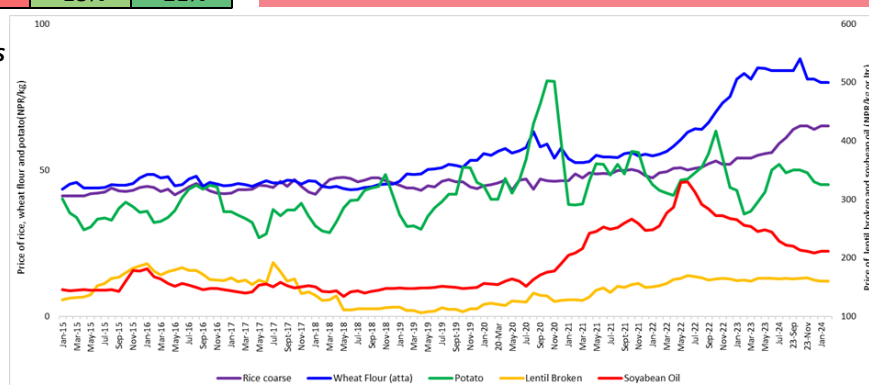
Commodity	NPR (kg or ltr or doz)	1 month	3 month	1 year
Rice coarse	65	1%	0%	21%
Rice (Sona mansuli)	84	0%	-2%	14%
Wheat flour (atta)	80	-1%	-5%	-1%
Lentil broken	160	-2%	-4%	-1%
Chickpea	134	1%	3%	1%
Sugar	106	-5%	-7%	15%
Soyabean oil	211	1%	0%	-20%
Chicken meat	426	5%	-2%	8%
Egg	19	4%	4%	11%
Milk	109	1%	2%	9%
Red potato	45	-2%	-10%	6%
Cabbage	43	-10%	-25%	-3%
Tomato	56	-4%	-28%	2%
Apple	298	3%	3%	10%
Banana	112	-3%	-1%	5%
Orange	130	6%	-18%	-21%

Inflation as measured by the Consumer Price Index (CPI) increased by 5.26 percent year-on-year (y-o-y) and decreased by 0.67 percent month-on-month (m-o-m) in January 2024. The CPI of **food and beverages** was 5.77 percent y-o-y and -1.57 percent m-o-m (Source: Nepal Rastra Bank).

Fuel price, one of the largest contributors to food prices through transportation and production costs decreased by 2 percent for petrol and 1 percent for diesel in January 2024 compared to December 2023, a declining trend compared to January 2023 (Source: Nepal Oil Corporation).

Exchange rate of NPR against USD decreased by -0.2 percent m-o-m in January 2024 and increased by 0.8 percent y-o-y.

Figure 1: Price of food commodities (Jan 2015–Jan 2024)



PURCHASING POWER

The purchasing power of daily wage laborers marginally increased in January 2024 compared to December 2023, however remained relatively low, particularly in areas with a higher prevalence of food insecurity.

An unskilled laborer could purchase 10.1 kgs of medium rice in the mountains, 10.3 kgs in the hills and 11.4 kgs in the Terai from their daily wage in January, compared to 8.9, 9.2 and 10 kgs respectively in December 2023. The increase in purchasing power is mainly attributable to a decrease in the retail prices of essential food commodities in January 2024 compared to daily wage.

Provincial disparities in purchasing power were observed in January 2024. For example, an unskilled laborer could purchase 14 kgs and 12.7 kgs of medium rice with a day's wage in Koshi and Lumbini provinces, respectively, while in Sudurpaschim and Karnali provinces a daily wage laborer could purchase only 8.4 kgs and 9.1 kgs of medium rice, respectively, in January 2024.

The difference in purchasing power is mostly attributed to the variations in the price of food commodities compared to wage rates due to relatively low competition and high transportation costs in remote areas, with a poor road network across the mountain belt of the country.

COST OF THE FOOD BASKET

The cost of the food basket marginally declined in January 2024 but remained relatively high in traditionally food insecure regions due to higher transportation costs and lower availability of food.

In line with the observed changes in retail prices, the cost of the food basket (consisting of rice, pulses, oil, eggs and vegetables) was 0.2 percent lower than in December 2023 (NPR 86.2) at NPR 86.0 per person per day, 17.5 percent higher than April 2022 (NPR 73.2), the reference period for the food basket.

The cost of the food basket in Karnali Province¹ remained high at NPR 102.9 per person per day in January 2024 —a decline of 0.1 percent from December 2023, and 19.7 percent higher than the national average (Table 2). The cost of the food basket was lowest in Madhesh Province (NPR 76.2), followed by Lumbini Province (NPR 78.1).

The cost of essential food items remain persistently high in Karnali Province and the mountain belt, where the prevalence of food insecurity and malnutrition is high. Low purchasing power and limited employment opportunities often limit access to essential foods in this area, which is critical to food and nutrition security.

Table 2: Cost of the food basket

Items	Grams (person/day)	Kcal	Cost/person/day (NPR) Nepal, April 2022	Cost/person/day (NPR) Nepal, January 2024	Cost/person/day (NPR) Karnali Province January 2024
Rice white, medium grain	350	1,260	22.75	29.23	36.75
Lentils	90	309	13.95	14.49	16.47
Soybean oil	35	309	8.40	7.39	7.88
Egg	60	86	14.00	18.50	21.00
Sugar	35	135	2.80	3.71	4.03
Iodized salt	5	0	0.10	0.12	0.17
Milk, cow	100	61	8.50	10.90	14.10
Leaves, dark green e.g. broad mustard leaves	30	7	2.70	1.65	2.55
Total		2167	73.2	86.0	102.9

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

² The cost of food basket was updated in April 2022 and is taken as reference for this period.

OUTLOOK

Food prices, mainly for staple foods, vegetables and fruits, are likely to remain stable with a stable demand and smooth supply of goods to markets in the coming month. Winter crop harvest is expected to be favorable in the mountain belt due to winter snowfall. The rainfall experienced during February, although limited in most parts of the country indicates an overall positive outlook for winter crops, mainly wheat.

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 January 2024 across the country aimed at monitoring the prices of food and non-food commodities and assessing the impact of any market and supply chain disruptions.

In January 2024, 41 traders from 32 districts were interviewed through the telephone and face-to-face. The information assessed includes availability of food and non-food items, demand and supply, transportation costs, demand for and wage rates for unskilled labor and retail prices of basic food items. 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, January 2024

Commodities	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Apple	318	200	354	287	317	294	280
Banana	103	70	96	137	101	159	114
Blackgram	193	212	195	207	182	205	188
Cabbage	38	33	41	40	37	50	54
Carrot	68	60	53	55	63	120	38
Chicken meat	458	337	385	420	385	518	492
Chickpeas	134	117	127	130	124	154	146
Egg	20	18	20	21	20	21	20
Fish	278	357	406	417	373	763	80
Green leaves (<i>rayo sag</i>)	33	40	28	23	35	106	52
Lentil broken	152	147	151	147	148	183	175
Market wage of unskilled labour	858	733	800	817	833	1000	790
Milk	105	100	113	127	98	141	102
Mustard oil	218	223	223	270	208	308	274
Orange	132	150	125	120	118	144	120
Peanut	228	227	236	227	204	519	60
Peas	163	143	161	163	136	153	160
Pumpkin (yellow)	58	57	25	20	48	65	44
Red potato	43	37	50	47	40	52	47
Rice (<i>Sona mansuli</i>)	61	67	87	90	66	105	94
Rice coarse	62	58	51	65	64	71	67
Salt	23	25	20	20	21	33	25
Soyabean oil	207	200	200	207	200	225	226
Sugar	107	90	100	100	106	127	114
Tomato	62	47	50	50	40	99	76
Wheat flour (<i>atta</i>)	88	75	86	80	79	95	76

Note: Red color indicates the highest price, while dark green indicates the lowest price of a commodity.

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