



HIGHLIGHTS

Retail prices of most food commodities monitored in 15 major markets across the country showed a relatively high fluctuation in September 2020. A sharp rise was recorded for prices of vegetables and cereals, while prices of chicken meat and some fruits declined. In the meantime, prices of other commodities such as medium rice (*Sona Mansuli*), wheat flour, soybean oil and pulses were relatively stable.

The September market monitor confirms a continued improvement in the functioning of markets with the easing of the COVID-19 restrictions. Availability of food and non-food essential commodities has improved across the country - almost all traders reported sufficient availability of food commodities, and nearly 86 percent of traders considered stock of non-food items adequate. Nevertheless, demand for food and non-food items remained moderate as reported by 97 and 83 percent of traders respectively. Whilst this is an improvement compared to August 2020, the current demand still does not reach pre-COVID-19 crisis levels.

In line with availability and demand, supply and transportation of goods to markets improved in September 2020. 91 percent of traders from 67 monitored districts reported a medium level of supply of commodities to markets and nearly 90 percent of traders reported medium levels of transportation of goods to markets. Compared to September 2020, more traders reported low volume of transportation and supply of goods to markets in August, indicating the continued revival of market functionality in Nepal in September 2020.

The observed demand for labour was considered moderate by majority of traders (87%). While not reaching the pre-COVID-19 status, the September market monitor shows an improvement with less traders reporting low labour demand levels in September (1.6%) than in August 2020 (57.6%).

The August inflation, as measured by the Consumer Price Index (CPI), remained at 3.5 percent year-on-year and 1.3 percent month-on-month. The CPI of food and beverage was 5.4 percent year-on-year and 2.8 percent month-on-month. The year-on-year inflation of non-food and services was 2.04 percent.

While the overall market situation is improving, the prolonged impact of the COVID-19 crisis, combined with the agricultural lean season and frequent disruptions in the transportation of goods, retail prices of most essential commodities continue to fluctuate. This can affect ability of vulnerable households to access food and non-food items, and in turn have negative impact on their food security status.



Prices of food staples marginally increased. Most vegetable prices increased sharply. Chicken meat prices declined.



Sufficient availability of food reported by 99 percent of traders



Medium level of demand for commodities reported by 98 percent of traders



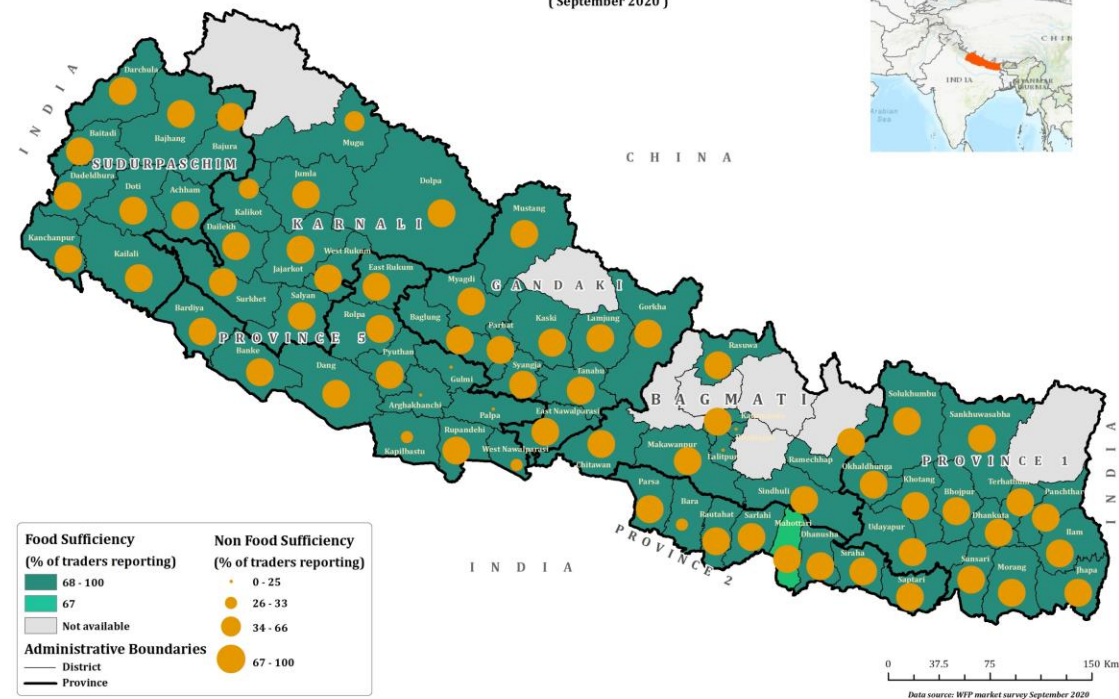
Medium level of supply and transportation of goods to markets observed by 90 percent of traders



Medium level of demand for labour reported by almost all traders

26-30 September 2020

Traders Reporting Food Sufficiency
(September 2020)





MARKET OVERVIEW

Food commodities were available in sufficient volumes in markets across the 67 surveyed districts in late September 2020. All traders in nearly 99 percent of the assessed districts reported adequate quantities of food commodities in markets during the reporting period and nearly 87 percent of traders reported sufficient volumes of non-food items. Scarcity of food and non-food commodities was observed by traders in remote areas of the hill and mountain areas and in places highly affected by the COVID-19 pandemic. Compared to August 2020, availability of goods in markets shows an overall improvement - as more traders were reporting food (16.3%) and non-food (32.6%) scarcity in August than in September 2020.

At provincial level, while 5 percent of traders in Province 2 reported inadequate volumes of food commodities in markets, all traders in other provinces found food commodities sufficient to meet the demand. Similarly, all interviewed traders reported sufficient volumes of non-food items in the monitored markets in Bagmati, Gandaki and Sudurpaschim Provinces. Provinces with inadequate stocks of non-food items were found in Lumbini (39.4%), Province 2 (20%) and Karnali (16.1%) during the reporting period.

Almost all traders reported that current demand for food and non-food commodities was at medium level across the surveyed markets. The demand for food items was reported medium by 98 percent of interviewed traders, while the remaining traders reported high food demand. Likewise, more than 83 percent of traders reported that the current demand for non-food items was medium, while nearly 16 percent of traders reported low demand level. A majority of traders considered demand stable in the last week since the survey, with 95 and 79 percent of interviewed traders across the monitored districts observing a stable demand for food and non-food items respectively. Nevertheless, around 20 percent of traders reported a decrease in demand for non-food items compared to the week before the survey. Compared to August 2020, demand improved in September 2020, as 30.8 percent of traders reported low levels of demand in August, while no traders found demand low in September 2020.

In line with the demand and availability, supply and transportation of goods also showed an overall improvement in September 2020. Supply of goods to markets was reported to be medium by 91 percent of traders. An increase in supply of goods to markets compared to the week before the interview was reported by 12 percent of traders, while more than 81 percent of traders considered that supply was stable. Compared to August, fewer traders reported low and declining supply of goods in September than in August. Similarly, medium volumes of transportation were observed by 90 percent of traders, around 11 percent of traders found a relative increase in the transportation of goods in the week before the interview, while 87 reported no changes in the volume of transportation. At provincial level, nearly 30 percent and 22 percent of traders in Province 2 and Lumbini province respectively reported an increase in transportation of goods, followed by 12.5 percent of traders in Province 1. As with supply, transportation of goods in September improved, with less traders reporting a low and declining volume of goods compared to August 2020.

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

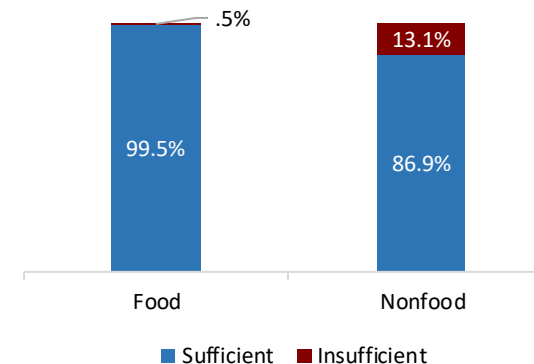


Figure 2: Demand for food and non-food items in the markets (% of traders)

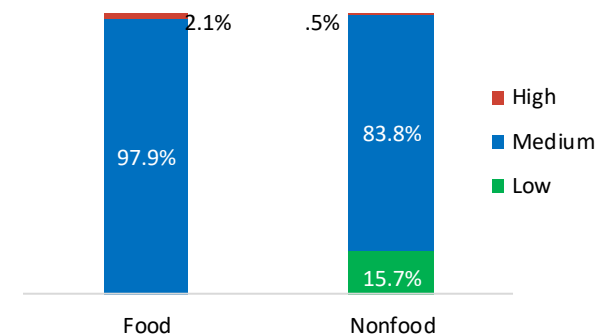
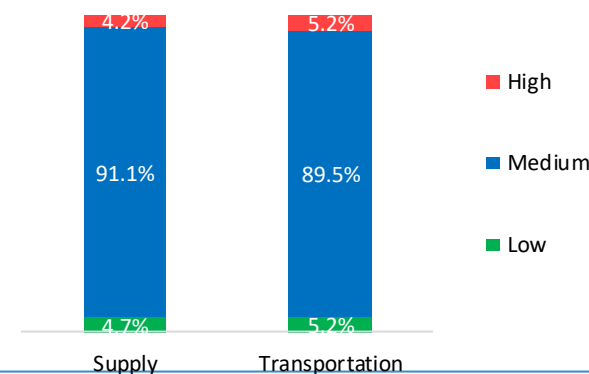


Figure 3: Supply and transportation situation (level) in the markets (% of traders)





LABOUR MARKET

Overall, labour demand improved in September and was at medium level during the reporting period. Almost all traders considered medium level of demand as shown in the Graph 4, while the proportion of traders reporting low and high demand for labour was marginal. Compared to August, demand for labour improved - in August, 58 percent of traders considered labour demand low, while in September it was only 1 percent. In terms of the wage rate, no significant changes in the market wage rate of casual labour was observed during the reporting period.

PRICE SITUATION

The September retail price monitor shows a continued fluctuation in the retail prices of most essential food commodities. Compared to August 2020, retail prices of vegetables - such as potato, cabbage, tomato, and cereals - mainly coarse rice, show a sharp increase. In the meantime, the price of medium rice (*Sona Mansuli*), wheat flour and pulses (broken lentil and chickpea) remained stable or marginally increased as shown in Table 1. On the other hand, prices of chicken meat, apple and banana sharply decreased compared to the last month. For example, the price of cabbage, tomato and potato increased sharply by 19.4, 9.6 and 10.2 percent respectively compared to last month, while prices of apple, banana, and chicken meat decreased by 24.6, 10.4, and 10 percent respectively. In terms of three-month changes, retail prices of most food commodities showed an upward trend with a sharp increase in prices of vegetables, while prices of chicken meat, apple, and banana indicate a declining trend. Similarly, year-on-year changes in retail prices showed an increasing trend, with relatively sharp increase in the prices of potato, tomato, soybean oil and wheat flour. Prices of chicken meat, milk and chickpea showed a downward trend as shown in Table 1.

At provincial level, retail prices of most commodities in Bagmati, Karnali and Sudurpaschim provinces showed an increasing trend. Moreover, prices remained relatively higher in Karnali compared to other provinces - prices of most food commodities are 5 - 30 percent higher in Karnali than in Province 2 and Province 1.

Retail prices of non-food essential items such as soap, toothpaste and toothbrushes remained stable, with marginal fluctuations compared to August 2020, as shown in Table 2. However, market wage rates of casual labour show a marginal increase in September compared to August 2020. This could be a result of the COVID-19 pandemic and its impact on the availability of casual labourers in cities.

The prolonged COVID-19 pandemic related measures, the agriculture lean season and partial obstruction in transporting goods in many parts of the country are likely affecting the supply of goods, particularly for perishable commodities such as vegetables, which in turn contribute to price fluctuations observed in recent months.

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

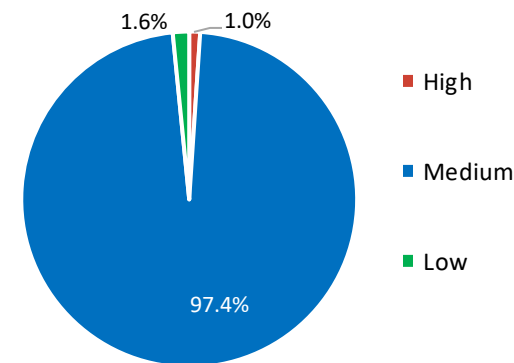


Table 1: Average retail price of food commodities (NPR/kg or ltr or doz.)

Commodities	Average Price (NPR/kg, ltr or doz)	Price change (%)		
		1 month	3 month	1 year
Rice coarse	46.9	8.1%	-0.4%	-0.1%
Rice (<i>Sona Mansuli</i>)	61.0	1.5%	9.4%	4.2%
Wheat Flour (<i>atta</i>)	60.1	0.6%	5.3%	12.4%
Lentil Broken	136.5	1.1%	9.6%	9.2%
Chickpea	115.7	0.1%	-2.4%	-3.6%
Soybean Oil	170.4	4.4%	6.7%	15.6%
Chicken meat	333.2	-10.0%	-17.1%	-14.3%
Milk	79.5	-2.6%	-0.3%	-1.3%
Red Potato	72.7	10.2%	55.7%	61.4%
Cabbage	65.9	19.4%	87.4%	9.8%
Tomato	111.7	9.6%	67.2%	39.7%
Apple	189.8	-24.6%	-32.1%	2.6%
Banana	98.3	-10.4%	-7.0%	3.5%
Orange	156.7	2.2%	-2.5%	1.1%



METHODOLOGY

This mVAM market survey was conducted in markets in 68 districts in the first round (April 2020). Monthly market surveys have been conducted across the country with an aim to monitor the prices of essential food and nonfood commodities. During the period presented in this report, 191 traders from 67 districts were interviewed. This survey was conducted from the last week of September 2020 by telephone to assess the markets during the COVID-19-related national lockdown. 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 and non-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 litre or dozen or gram)

Commodities	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Rice coarse	46	47	46	46	48	51	47
Rice (Sona Mansuli)	58	67	57	54	66	70	63
Wheat Flour (atta)	67	63	52	51	69	65	51
Peas	99	103	87	86	103	112	86
Chickpea	114	102	114	112	107	130	125
Lentil Broken	133	137	128	128	138	143	140
Soybean Oil	175	173	174	165	180	177	174
Iodized salt	28	21	25	25	24	18	22
Chicken meat	342	308	296	313	323	401	379
Egg	13	11	14	14	12	16	15
Milk	81	80	87	87	86	92	78
Red Potato	76	80	71	71	83	59	72
Tomato	107	106	119	122	93	105	109
Cauliflower	114	113	118	122	94	108	100
Cabbage	63	60	65	71	64	69	67
Orange	117	136	110	120	145	125	100
Apple	186	175	184	185	192	157	209
Banana	98	81	95	101	92	110	100
Bathings soap	38	41	42	43	41	40	40
Washing soap	34	36	36	37	38	36	35
LP GAS	1461	1380	1435	1366	1487	1735	1610
Tooth paste	71	84	61	60	76	63	63
Tooth brush	26	27	26	26	26	27	24
Unskilled labour wage	619	428	674	695	507	726	621

For further information



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