

HIGHLIGHTS

Retail prices of most food commodities monitored across 15 major markets showed an upward trend in May 2021. Prices of fruits, potatoes and broken lentils increased sharply. Prices of cereals and soyabean oil were relatively stable, with a marginal increase. Meanwhile, prices of chicken meat and milk declined compared to last month.

Overall, markets continued to function without major disruptions, even in rural areas. Nevertheless, impact of the ongoing COVID-19 pandemic was observed, particularly with essential non-food and food stocks not meeting demand in several provinces, low level of transportation and labour demand. Compared to the start of COVID-19 in 2020, markets functioned better at the beginning of this second wave, in terms of availability and supply, likely due to less strict restrictions, experiences and lessons learnt from the first wave.

3 out of 4 traders reported sufficient availability of food commodities. Inadequate volume of food was reported by traders in Kamali, Sudurpashim and Province 2. Non-food items were relatively more scarce, with 35 percent of traders reporting insufficient volume of non-food items to meet demand. Bagmati, Province 2 and Kamali provinces had the highest proportion of traders with insufficient non-food stock. Current demand for food and non-food commodities was reported medium to high in May 2021.

Supply of goods to markets remained at medium level, while transportation was relatively low. Over 60 percent traders reported that transportation of goods was low in May 2021, while nearly 57 percent of traders observed medium level of supply.

The May 2021 market monitor showed that most traders observed low demand for labour (56.5 percent), followed by medium level (34.5 percent).

The overall inflation, as measured by the Consumer Price Index (CPI), remained at 3.1 percent year-on-year and 0.69 percent month-on-month. The food and beverage CPI was 3.492 percent year-on-year and 1.37 percent month-on-month. The year-on-year inflation of non-food and services was 2.79 percent.

Compared to last year, prices of essential commodities and overall market situation is relatively more stable. Nevertheless, continued restrictions, declining food stocks, coupled with increasing global food prices can potentially lead to negative impact on food access, particularly for poor and vulnerable households, and those who lost income source during the pandemics.



Prices of food staples marginally increased. Fruit prices increased sharply, chicken and milk prices declined.



Sufficient availability of food reported by majority of traders. Pockets of low food stocks.



Medium level of demand for commodities reported by more than 56 percent of traders.

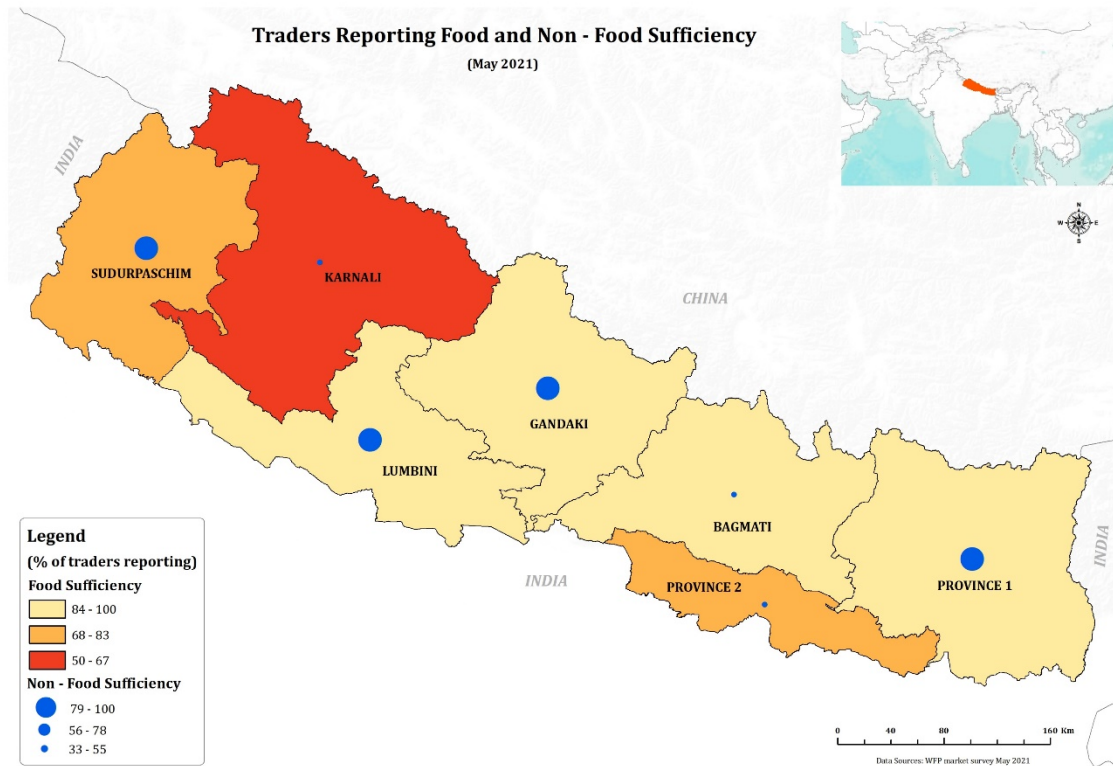


Medium level of supply; Low level of transportation



Low level of demand for labour reported by 57 percent of traders

25 May - 3 June 2021



MARKET OVERVIEW

Food stock was sufficient to meet demand in markets across the 23 surveyed districts, with localized pockets of low stocks observed in some provinces. More than 78 percent of traders reported that food commodities were sufficiently available in markets during the reporting period. Non-food commodities were relatively more scarce, with 35 percent of traders reporting inadequate volume of stocks to meet demand.

At provincial level, most provinces had adequate volumes of essential food and non-food items in markets despite partial closure and restrictions for supply and transportation of goods.

However, traders in remote areas in Karnali and Sudurpashim provinces and provinces with relatively stricter lockdown measures such as Province 2, reported insufficient availability of food items in markets. Non-food stocks were insufficient in Bagmati, Kamali and Province 2. Compared to the beginning of the first wave of COVID-19 pandemics last year, the overall availability of goods in markets was relatively better with less traders reporting insufficient volume of food commodities in markets this year.

Demand for food and non-food commodities was mainly medium to high across the country in May 2021.

The current demand for food was reported medium by 56.5 percent of the interviewed traders, and high by 34.8 percent. Nearly 61 percent of traders observed medium level of demand for non-food items.

Demand levels varied substantially across provinces: most traders from Bagmati, Gandaki, Lumbini and Sudurpaschim reported a medium demand level for food, while majority of traders from Province 1 and Karnali observed high demand for food. Low demand was relatively more prevalent in Province 2 and Kamali, as reported by one third and 17 percent of traders respectively. Demand for non-food essential items was mainly medium, with an exception for high demand noted by two-third of traders in Kamali, and one third of traders in Bagmati and Province 1. Moreover, one third of traders also reported low demand for non-food items in Province 2 and Sudurpaschim Province. In comparison, overall demand for food and non-food items is higher compared to the beginning of the first wave of COVID-19 last year, when most traders observed low to medium demand level.

Supply of goods remained mostly stable, while transportation was low in May 2021.

Supply of goods to markets was reported to be medium by 56.5 percent of traders, while it was 34.8 percent for transportation of goods. Supply varied significantly at provincial level: two third of traders in Province 2, Kamali and Sudurpaschim observed low levels, half of traders in Gandaki and one third in Province 2 reported high levels. Almost all traders in Bagmati, Gandaki and Province 1 noted medium level of transportation of goods, while nearly all traders in Kamali, Lumbini and Sudurpaschim provinces and two third of traders in Province 2 observed low levels. In comparison, overall transportation and supply of goods during the early stage of the first wave of COVID-19 pandemics in 2020 was relatively worse compared to 2021: transportation level was reported low by majority of traders in March and April (89 and 98 percent respectively) followed by largely medium levels in May (89 percent). Likewise, supply in March and April 2020 was mainly low, as reported by 73 and 91 percent respectively) with an observed improvement in May 2020 (89 percent reporting medium levels).

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

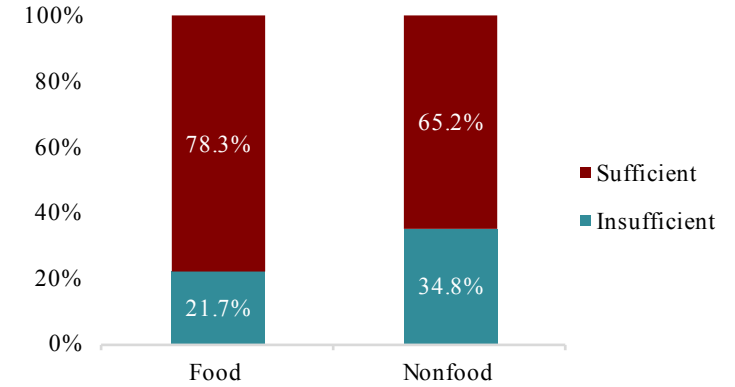


Figure 2: Demand for food and non-food items in the markets (% of traders)

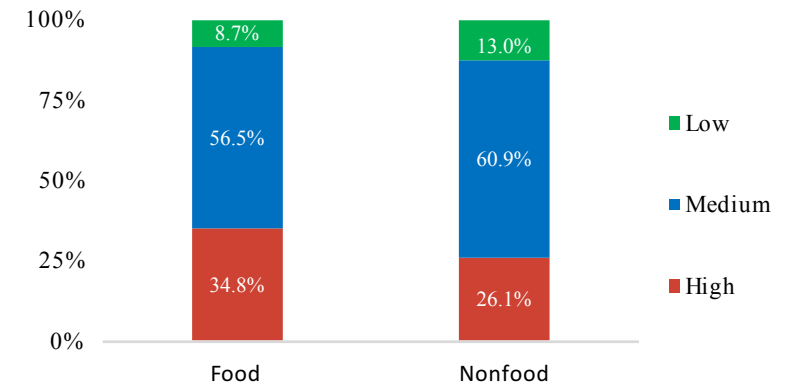
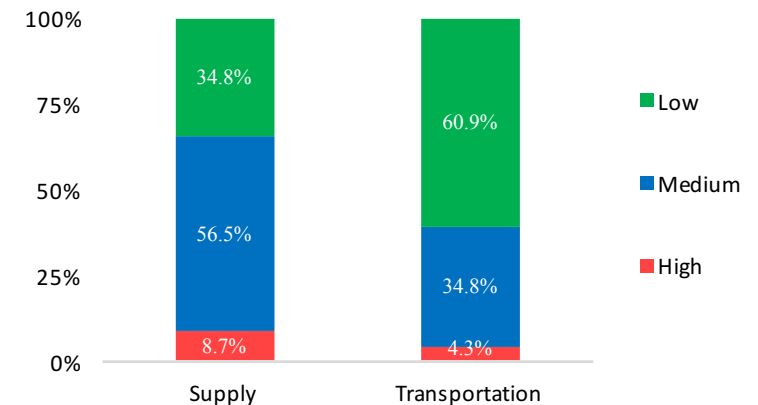


Figure 3: Supply and transportation situation (level) in the markets (% of traders)



LABOUR MARKET

Majority of traders reported low demand for labour in May 2021. Nearly 57 percent of traders perceived that demand for labour was low in May 2021, while more than one third of traders reported medium demand for labour. On average, around 9 percent of traders observed high demand for labour. At provincial level, more than half of the interviewed traders considered labour demand to be low in Sudurpaschim, Province 1 and 2, Karnali and Gadaki, while medium demand for labour was more prevalent in Bagmati and Lumbini.

PRICE SITUATION

In May 2021, retail prices of most food commodities monitored in 23 districts across the country showed an upward trend with sharp increase of some commodities. Compared to April 2021, retail prices of cabbage, orange, tomato, potato, banana, apple and broken lentil indicate a sharp increase. The retail prices of most staple food commodities - such as coarse rice, rice medium (*Sona Mansuli*), wheat flour, and pulses such as chickpea remained relatively stable with marginal increase as shown in Table 1. However, the price of chicken meat saw a relatively sharp decline, after a sharp increase in April 2021. For example, the price of cabbage, orange, tomato and red potato increased by 39.7, 39.5, 18.6 and 12.4 percent respectively compared to the last month, while prices of chicken meat, milk and coarse rice decreased by 7.1, 1.1 and 0.6 percent, respectively.

Compared to the previous three-months, retail prices of most food commodities also showed an upward trend, consistent with the observed month-on-month changes. Prices of fruits such as orange, apple and banana, and vegetables such as tomato, cabbage and red potato, as well as soyabean oil and broken lentils increased sharply. Similarly, year-on-year changes in retail prices showed an overall increasing trend, with relatively sharp rise in the prices of vegetables, fruits and edible oils.

At provincial level, retail prices of most commodities across all provinces were in line with the national average for May 2021. Relatively more fluctuation was noted in Lumbini, Sudurpaschim and Bagmati provinces. Food prices remained higher in Karnali compared to other provinces- prices of most food commodities were 10- 40 percent above those in Province 1 and Lumbini as shown in Table 2 (next page).

Overall, an increasing trend with price fluctuations may exacerbate the food security situation for the poor and vulnerable people and those who have lost income and livelihood source. Anecdotal evidence shows that daily wage labourers, workers in informal sector and farmers might be more affected during the second wave, similar to the first wave. For example, number of field reports indicate that farmers in many areas were unable to sell their produce, mainly perishable items, at regular prices. The overall food price trend in Nepal, increasing global food prices, combined with the continued pressure on income could exacerbate the food access and ultimately lead to higher further food insecurity

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

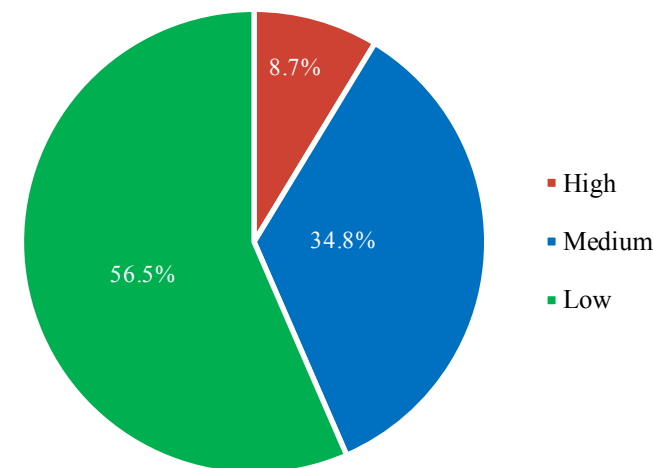


Table 1: Average retail price of food commodities (NPR/kg or ltr or doz.)

Commodity	April - 2021	1 month	3 month	1 year
Rice coarse	48.7	-0.6%	-0.1%	12.9%
Rice medium (Sona Mansuli)	65.1	4.0%	1.5%	10.1%
Wheat Flour (atta)	55.1	3.9%	4.9%	-1.3%
Lentil Broken	144.6	8.3%	12.8%	14.3%
Chickpea	129.7	3.5%	9.9%	8.0%
Soyabean Oil	244.7	0.9%	17.6%	49.5%
Chicken meat	395.0	-7.1%	6.2%	15.2%
Milk	87.5	-1.1%	1.0%	13.0%
Red Potato	52.1	12.4%	37.0%	23.5%
Cabbage	50.6	39.7%	42.5%	44.6%
Tomato	61.9	18.6%	40.6%	16.7%
Apple	275.7	9.1%	21.0%	3.5%
Banana	114.4	9.6%	18.7%	23.2%
Orange	232.5	39.5%	110.7%	81.2%

METHODOLOGY

WFP Nepal regularly monitors and conducts market survey under mobile Vulnerability Assessment and Mapping (mVAM). This market survey was conducted in the fourth week of May 2021 across the country with the aim to monitor the prices of food commodities and assess the impact of the COVID-19 pandemic and other shocks.

During the period presented in this report (May-June 2021), 48 traders from 23 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: Retail prices of essential commodities by Province (NPR/kg or ltr or doz or gm)

Commodities	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Rice coarse	47.3	54.3	45.0	55.0	44.7	70.7	48.7
Rice (Sona Mansuli)	59.3	61.7	73.0	73.5	51.7	96.5	71.0
Wheat Flour (atta)	61.7	63.3	61.3	61.0	48.3	76.8	48.3
Peas	150.0	110.0	148.3	170.0	121.7	176.7	143.3
Chickpea	120.0	115.0	148.3	132.5	113.3	198.3	140.0
Lentil Broken	138.3	171.7	143.3	132.5	121.7	188.8	153.3
Blackgram	176.7	196.3	151.7	185.0	156.7	218.3	156.7
Soyabean Oil	271.7	223.3	231.7	250.0	248.3	246.7	243.3
Mustard Oil	316.7	343.3	336.7	292.5	255.0	300.0	300.0
Chicken meat	393.3	396.7	393.3	405.0	266.7	566.7	443.3
Fish	360.0	516.7	466.7	355.0	416.7	550.0	300.0
Egg	16.7	15.3	15.0	15.0	14.3	19.2	18.7
Milk	70.0	90.0	61.7	110.0	80.0	107.5	90.0
Red potato	45.0	60.0	48.3	49.0	45.0	76.7	60.0
Tomato	45.0	75.0	68.3	57.5	66.7	128.3	60.0
Cabbage	33.3	66.7	60.0	47.5	48.3	88.3	45.0
Green leaves (rayo sag)	53.3	73.3	41.7	80.0	48.3	166.7	50.0
Pumpkin (yellow)	50.0	60.0	68.3	62.5	45.0	126.7	70.0
Carrot	60.0	96.7	66.7	102.5	70.0	145.0	85.0
Peanut	211.7	156.7	143.3	240.0	191.7	491.7	156.7
Orange	226.7	270.0	296.7	242.5	230.0	143.3	255.0
Apple	306.7	263.3	313.3	257.5	220.0	250.0	323.3
Banana	113.3	100.0	143.3	130.0	93.3	221.7	113.3
Wage of unskilled labour	758.3	733.3	1166.7	700.0	800.0	791.7	700.0



For further information

 **Katarina Kohutova:** katarina.kohutova@wfp.org
Head of Evidence, Policy and Innovation Unit, WFP Nepal

Sridhar Thapa: sridhar.thapa@wfp.org
VAM Officer, WFP Nepal

United Nations World Food Programme, Nepal
P.O Box 107, Patandhoka Road, Lalitpur, Nepal
Tel: +977 1 5260607, Fax: +977 1 5260201