



HIGHLIGHTS

- Retail prices of food staples monitored in 15 major markets across the country remained relatively stable compared to June 2020, however an increase was observed for prices of meat and dairy products. Prices of fruit and vegetables increased sharply. Prices of most food commodities remained relatively higher in Karnali and Sudurpaschim provinces, compared to other provinces.
- Overall, functioning of markets continued to improve, however more traders reported an inadequate quantity of goods in the surveyed markets in July, compared to June 2020.
- More than 75 percent of traders reported medium demand levels for foods and non-food items, while sufficient volume of commodities was reported by around 57 percent of traders. 75 percent of the 118 interviewed traders from 67 districts reported a medium supply of commodities to markets and transportation similarly was reported at a medium level by 59 percent of traders. Meanwhile, 28 percent of traders considered transportation levels high.
- Similar to the functioning of markets, labour demand improved slightly, with 79 percent of traders reporting medium levels of labour demand in July, compared 74 percent in June 2020.
- The overall inflation published by Nepal Rastra Bank in July 2020 showed a 4.78 percent year-on-year and 0.9 percent month-on-month increase, while the food and beverage group of CPI increased by 5.7 percent year-on-year and 1.7 percent month-on-month. The non-food and services of the CPI increased by 4.04 percent year-on-year and 0.2 percent month-on-month.
- The agricultural lean season and monsoon-induced supply restrictions combined with the COVID-19 related movement restrictions likely contributed to the overall price increase and reported insufficiency of commodities in markets in parts of the country.
- The Government of Nepal has taken measures to facilitate the supply of essential goods to markets. The summer paddy planting has been nearly completed, reaching around 98 percent of total cultivated land. However, the supply of chemical fertilizers is inadequate in many parts of the country due to import restrictions caused by the COVID-19 situation, potentially affecting the overall food production in the country.



Prices of food staples increased marginally
Most vegetable and fruit prices increased sharply



Insufficient availability of food reported by 43% of traders



Medium level of demand for commodities reported by one third traders



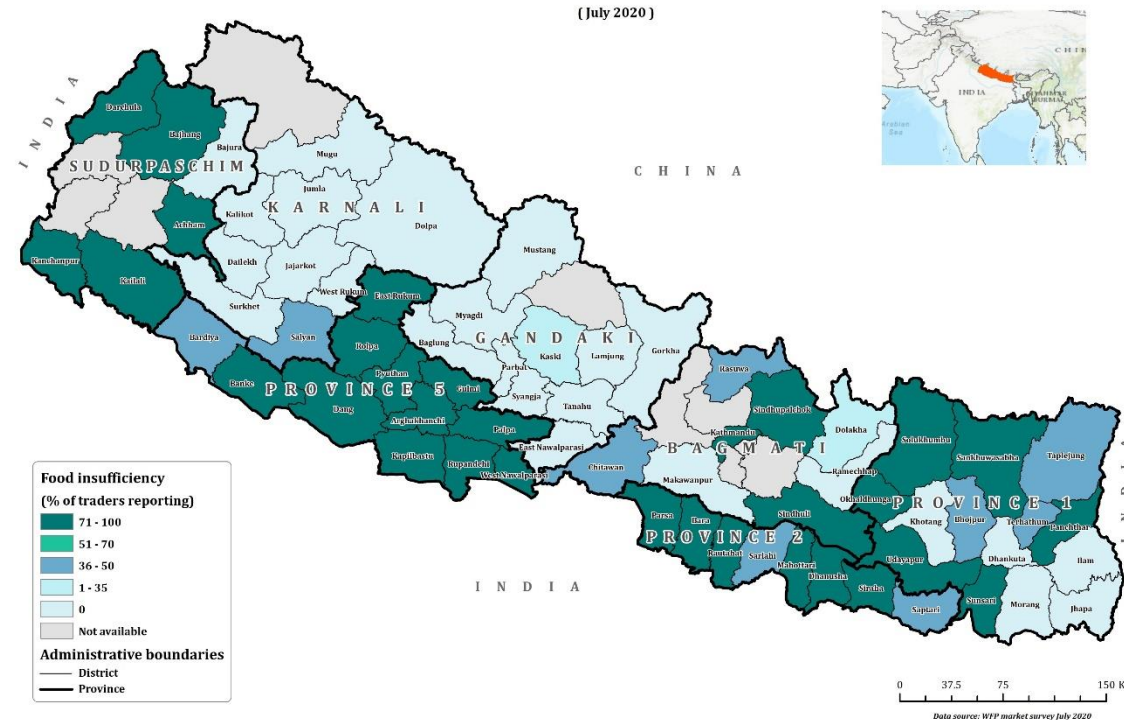
Medium level of supply and transportation of goods to markets observed by nearly 75 percent of traders



Medium level of demand for labour reported by Nearly 4 out of 5 traders

27-31 July 2020

Traders Reporting Food Insufficiency
(July 2020)





MARKET OVERVIEW

Food commodities were not available in sufficient volumes in the market in more than half of the 67 surveyed districts during the reporting period. Nearly 57 percent of the interviewed traders reported food commodities were sufficient in markets while 43 percent of traders considered food commodities insufficient. The same trend was observed for availability of non-food items in the surveyed markets as presented in Figure 1.

Inadequate quantities of food in markets was reported mainly in remote districts of hill and mountain areas as well as districts that were highly affected by COVID-19. At provincial level, food commodities were found to be sufficient in Province 1, Province 2, Province 5 and Sudurpaschim, while in Gandaki and Karnali, more than 92 percent of traders reported food commodities were not available in adequate quantities in the markets. Pockets of lower stock of non-food items were observed in Gandaki (6.7%), Karnali (7.7%) and Bagmati (50%) during the reporting period.

Majority of traders (75%) reported that the current demand for food and non-food commodities in the market remained at medium level. Around 22 percent of the traders reported low food and non-food demand. In the meantime, more than 50 percent of the interviewed traders across the assessed districts indicated no changes in demand for food and nonfood items, compared to the week before the survey.

Similarly, supply of goods was considered to be at medium levels by 75 percent of traders across all monitored districts. Low supply of goods to markets was observed by nearly 24 percent of traders. Moreover, while 28 percent of traders considered that supply of goods to markets declined compared to the week before the survey, nearly 70 percent of traders did not report any significant changes.

In line with supply and demand, transportation of goods to markets was reported at medium level by nearly 60 percent of traders in the monitored districts. The on-going COVID-19 pandemic with limited movements of people and vehicles as well as the partial obstructions of roads caused by the monsoon induced floods and landslides has restricted transportation services in many parts of the country, resulting in medium transportation levels. Compared to the week before the survey, more than 50 percent of traders reported no changes in the transportation situation. However, increases in the transportation of goods was reported by about 87 percent and 62 percent of traders in Karnali and Gandaki respectively. This increase is likely a result of reopening roads that were obstructed by landslides in some parts these provinces. On the other hand, a decline in transportation of goods was observed by 37 percent and 22 percent of traders in Province 2 and Sudurpaschim provinces, respectively. This could be due to COVID-19 related lockdown and floods in parts of these provinces.

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

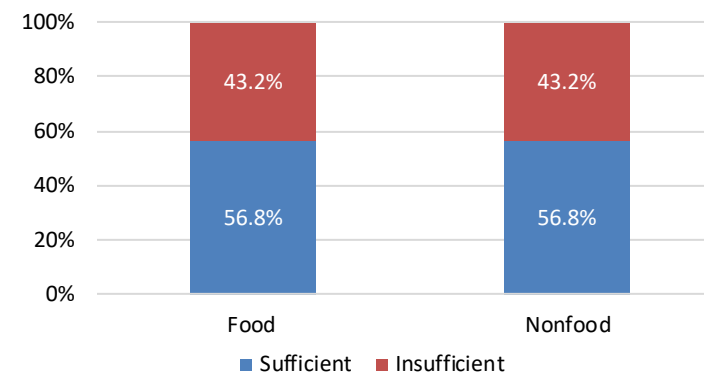


Figure 2: Demand for food and non-food items in the markets (% of traders)

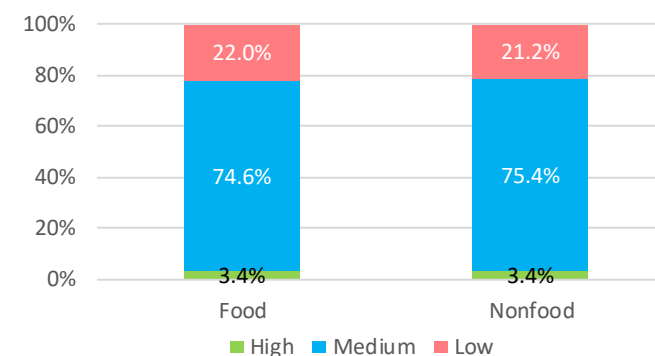
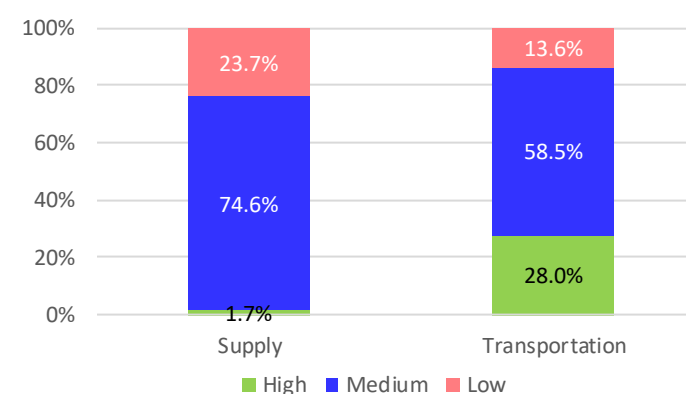


Figure 3: Supply and transportation situation (level) in the markets (% of traders)





LABOUR MARKET

Overall, labour markets, one the most affected sectors by the COVID-19 situation, remained at medium levels. Nearly 80 percent of the traders reported medium demand for labour (see Graph 4). However, the demand for labour is relatively low in Province 1, Province 2, and Sudurpaschim province as reported by 19, 22 and 25 percent of traders respectively. This is primarily due to localized lockdowns due to increasing COVID-19 positive cases in these provinces compared to other provinces. The COVID-19 situation has affected mainly casual labour, tourism and hospitality sectors across the country.

PRICE SITUATION

Retail prices of essential commodities showed an upward trend in the last week of July. Prices of fruits and vegetables increased sharply- mainly red potato, cabbage, tomato and orange. Compared to June 2020, retail prices of cereal, pulses and edible oils also increased marginally, with an exception of the price of chickpea that declined slightly. Compared to three months earlier, retail prices of most food commodities were relatively stable with few exceptions of fluctuations- particularly chicken meat, milk, cabbage, tomato, banana and orange as shown in Table 1. In terms of year-on-year changes, retail prices of most food commodities showed an upward trend, except for the price of medium rice, cabbage and tomato as shown in Table 1.

As with the overall market functioning, the continued upward trend for prices of most commodities is likely a result of supply breaks caused by flood and landslide-induced road obstructions, combined with localized COVID-19-related restrictions and lockdown.

At provincial level, the retail prices of most commodities in Province 1, Province 2 and Karnali province showed a relatively higher fluctuation compared to other provinces. Moreover, prices remained relatively high in Karnali - for example, prices of most food commodities are 10-30 percent higher in Karnali than in Province 1 and Province 2. Factors contributing to high prices in Karnali are remoteness and poor road networks, contributing to high transportation costs.

Retail prices of non-food essential items such as soap, toothpaste and toothbrushes indicated an upward trend compared to June 2020, as shown in Table 2.

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

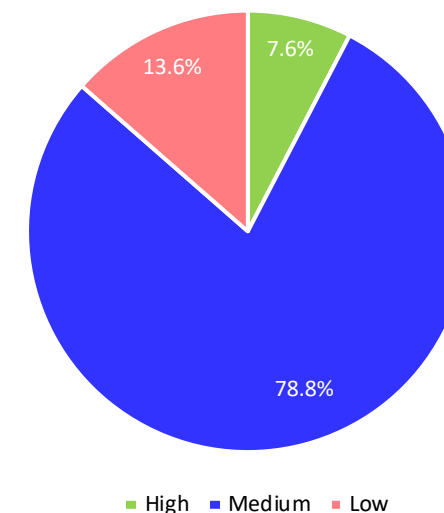


Table 1: Average retail price of food commodities (NPR/kg or ltr or doz.)

Commodities	Average price (NPR/kg, ltr, doz)	Price change (%)		
		1 month	3 month	1 year
Rice coarse	47.3	0%	2%	2%
Rice (<i>Sona Mansuli</i>)	56.2	1%	-4%	-16%
Wheat flour (<i>atta</i>)	58.1	2%	1%	14%
Lentil broken	125.3	1%	5%	9%
Chickpea	117.5	-1%	-2%	-1%
Soyabean oil	160.5	0%	0%	6%
Chicken meat	409.4	2%	23%	12%
Milk	87.2	9%	15%	12%
Red potato	55.1	18%	17%	40%
Cabbage	38.0	8%	-11%	-24%
Tomato	70.5	5%	-21%	-22%
Apple	282.0	1%	-1%	20%
Banana	105.7	0%	22%	11%
Orange	176.7	10%	48%	26%



METHODOLOGY

This mVAM market survey was conducted in markets in 68 districts in the first round (April 2020). Monthly market survey has been conducting across the country with an aim to monitor the prices of essential food and nonfood commodities. During the period presented in this report, 118 traders from 67 districts were interviewed. This survey was conducted from the last week of July 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.

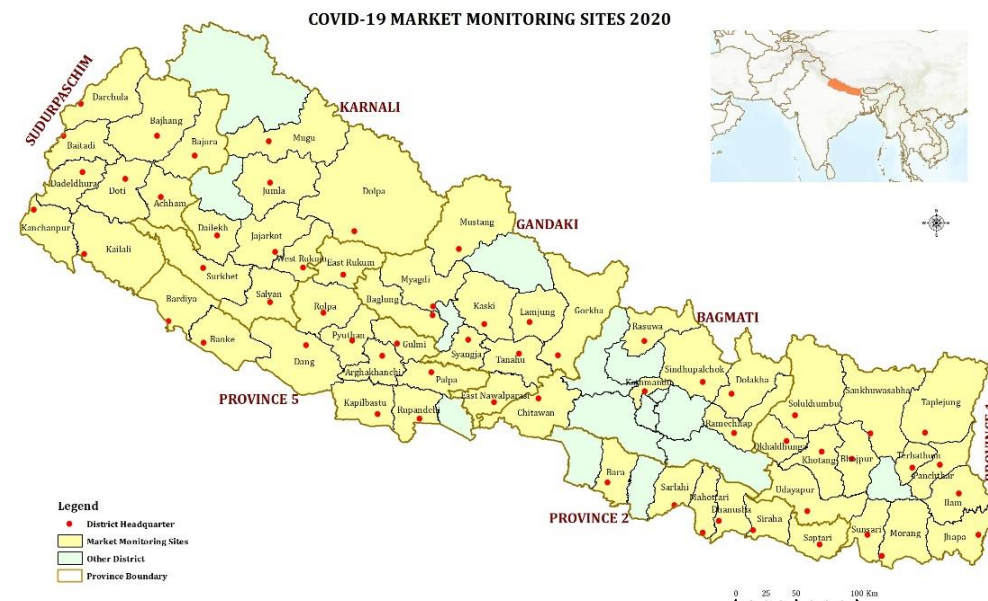


Table 2: Retail prices of essential commodities by Province (NPR/kg or litre or dozen or gram)

Commodities	Province 1	Province 2	Bagmati	Gandaki	Province 5	Karnali	Sudurpaschim
Rice coarse	46	48	49	47	47	53	48
Rice (<i>Sona Mansuli</i>)	58	58	58	52	58	66	62
Wheat flour (<i>atta</i>)	64	59	59	59	50	64	57
Lentil broken	128	120	118	121	125	148	138
Chickpea	116	112	114	113	112	127	130
Peas	103	88	96	97	87	108	101
Soybean oil	147	158	150	151	155	176	172
Milk	80	85	85	101	81	118	77
Apple	252	185	288	235	245	196	313
Orange	107	76	104	114	90	112	118

For further information



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