

mVAM MARKET UPDATE NEPAL #2

June 2022



World Food Programme

SAVING LIVES
CHANGING LIVES



KEY HIGHLIGHTS



Compared to last year, **prices of essential commodities** showed an upward trend, increasing pressure on vulnerable households. Prices of edible oil, wheat flour and pulses increased sharply. The inflation rate rose to 8.56% in June 2022, year-on-year.



Insufficient availability of commodities was reported mainly in urban markets and large consumer markets; in Bagmati province– 43 percent reported not having enough food stock to meet the demand and 71 percent reported inadequate non-food stocks. **Demand** for food and non-food commodities is on a decline.



Certain commodities, including edible oils were reported as scarce by 91 percent of traders, followed by rice (64%) and pulses (46%). In Karnali and Province 1, all traders reported scarcity of rice and edible oil stocks.



Supply and transportation of goods remained stable at a medium level; however, increases in the cost of transportation was reported by majority of traders (86%)



Demand for labour was reported as medium by most traders (78 %), while 17 percent reported low demand, mainly in Province 1 and Madhesh.

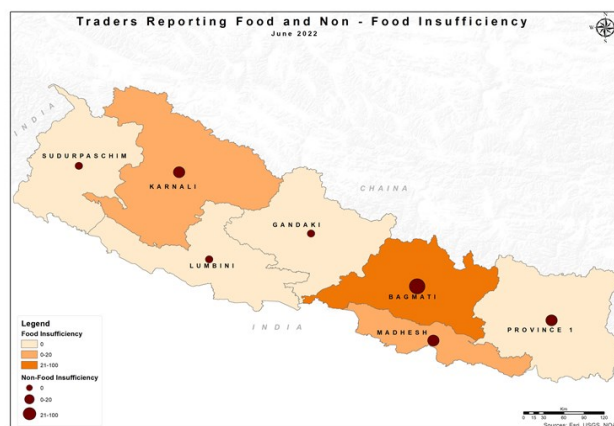
JUNE MARKET MONITORING:

MARKETS

Food availability: Majority of traders across the 23 surveyed districts, reported that food stocks were adequately available in the market to meet demand. However, insufficient food stocks were observed mainly in provinces with relatively large number of consumers and urban markets, such as in Bagmati province, where 43 percent reported that stocks are inadequate to meet demand. A similar trend was observed for non-food commodities, where insufficient stocks were observed mainly in Bagmati province. Certain commodities were found to be scarce- almost all traders reported that edible oil was insufficient (91%), followed by rice (64%) and pulses (45.5%). Fuel shortage was only reported in Bagmati province, by 67 percent of traders.

Moreover, more than 71 percent of traders in Bagmati province reported that edible oil and rice would likely be scarce in the coming months, followed by wheat and pulses (43% percent each). In Karnali province, 25 percent of traders reported concerns about potential scarcity of edible oil, and 12.5 percent for rice. Similarly, in Province 2, potential scarcity of edible oil and pulses was each raised by 14 percent of traders.

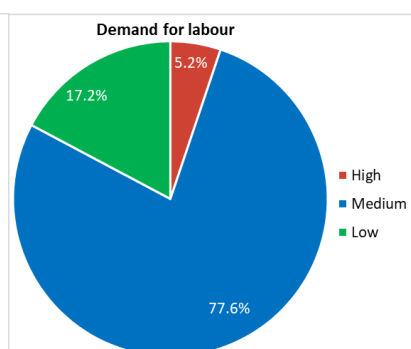
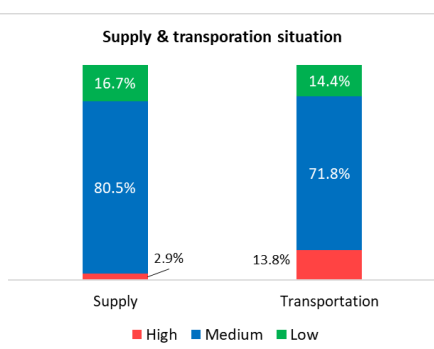
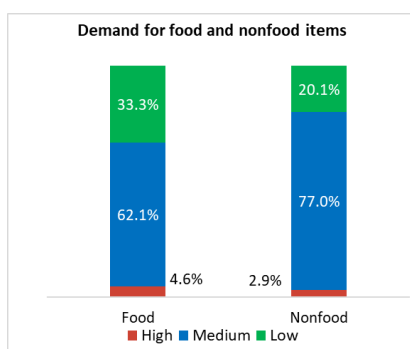
Demand: Demand for food and non-food items shows a declining trend in June, compared to May 2022. About 62 and 77 percent of traders reported that demand for food and non-food commodities was at medium level, and 33 and 20 percent at low level, respectively. Low demand has risen compared to May, when it was reported by



14.6 and 10 percent for food and non-food items. High demand was observed only by 5 percent of traders for food items and 3 percent for non-food items in June, while it was 24 and 7 percent in May. At provincial level, low demand for food commodities was more prevalent in Lumbini (52%), Sudurpaschim (44%) and Madhesh (43%).

Supply and transportation: Supply and transportation of goods to markets remained stable in June 2022; however, increase in transportation costs has been observed in all the surveyed districts. More than 86 percent of traders noted an increase in fuel prices. All traders observed this rise in Bagmati province (99%) followed by Province 1 (96%), and Gandaki (92%).

Demand for labour: Labour demand remained stable and largely at medium level during the reporting period. Around 78 percent of traders observed a medium demand for labour while 17 percent reported a low demand in June 2022.



PRICES:

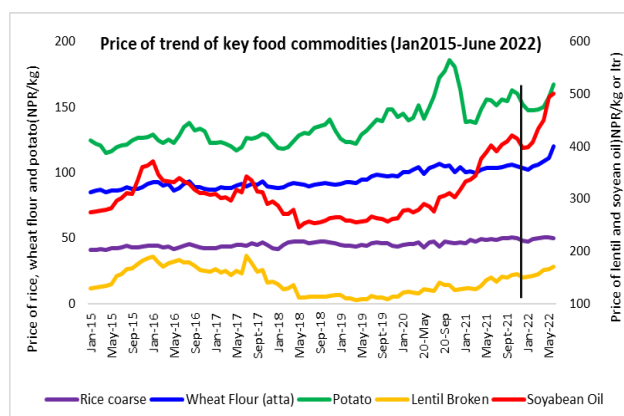
In June 2022, retail prices of most commodities monitored across 15 major markets showed a continued increase, with relatively higher rise for prices of cabbage, apple, wheat flour, banana and lentils. Prices of cereals such as rice, soybean oil, milk and potato marginally increased, while prices of tomato and chicken meat declined.

Compared to May 2022, retail prices of cabbage, apple, and wheat flour rose sharply, while prices of chicken meat, egg and tomato declined, as shown in Table 1.

In terms of the 3-month change in price, increase was recorded for all essential commodities. The highest spike was observed for the prices of tomato, cabbage, banana, orange, soyabean oil and wheat flour.

Similarly, year-on-year changes in retail price showed an upward trend, with relatively sharp increase in the prices of vegetables, pulses, egg, wheat flour and edible oil. (see Table 1).

At provincial level, most commodities monitored in provincial markets showed a similar trend as in the national average. However, retail prices of commodities showed a slightly higher increase in Karnali and Gandaki Provinces. Overall, essential



goods are mostly higher in Karnali ranging from 15 to 45 percent higher compared to Madhesh Province, as shown in Table 2.

As a result of rising food prices over the period, the cost of the food basket—including rice, pulses, vegetable oil, egg and vegetables—show a persistent increase. For example, the cost of food basket increased from NPR 70.2 in April to NPR 75.1 per person day in June 2022, a 7 percent increase. This can further pressure the ability of Nepalese households to access basic food commodities, which are critical for maintaining their food security and nutritional status.

Considering the outlook for the global supply chain and market indicates continued disruptions, it is anticipated that prices of these commodities could increase further in Nepal in the coming months.

Table 1. Average retail price and percentage increase in June

Commodity	Price	Price change		
		1 month	3 month	1 year
Rice (coarse)	50	-0.6%	1.9%	3.0%

Inflation rate, as measured by Consumer Price Index (CPI), rose to 8.56 percent in June 2022,

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