



HIGHLIGHTS

- Retail prices of most food commodities monitored across 15 major markets were relatively stable, with marginal fluctuations during October 2020. Prices of staple food commodities such as coarse rice, wheat flour, broken lentils, and chickpeas were relatively stable, while prices of some vegetables, fruits and chicken meat declined. Potato and apple however increased.
- In October 2020, market monitoring showed a smooth functioning of markets, with improved access to road networks in rural areas and improved supply of goods. Almost all traders reported that the availability of food and non-food essential commodities remained sufficient across the country. Nevertheless, demand for food and non-food items remained moderate. While demand level improved compared to September 2020, most traders perceived that the demand for food and non-food items during the festival period was lower than normal. This is probably due to the slowdown of economic activities and low purchasing power caused by the COVID-19 pandemic.
- In line with availability, transportation of goods to markets improved in October 2020 with better access to feather roads in remote and rural areas following the end of the monsoon season. Nearly 36 percent of traders reported a high level of supply of commodities to markets and more than 64 percent reported medium level of transportation of goods to markets. Compared to September 2020, more traders reported high volume of transportation and supply of goods to markets in October, indicating a gradual improvement in market functionality across the country.
- The observed demand for labour was considered moderate by almost all traders. Market monitoring in October 2020 showed an improvement, with nominal reports of low labour demand in October compared to September and August 2020. This could be a result of the peak summer crop harvesting season driving up the demand for labour.
- Inflation, as measured by the Consumer Price Index (CPI), remained at 3.79 percent year-on-year and -0.03 percent month-on-month in October 2020. The CPI of food and beverage was 5.5 percent year-on-year and 0.26 percent month-on-month. The year-on-year inflation of non-food and services was 2.46 percent.
- Despite the observed improvement in market functioning since the easing of the second COVID-19 lockdown, the prolonged impact of the COVID-19 crisis coupled with uncertainty and frequent localized disruptions in the transportation of goods and market functioning has resulted in the retail prices of most essential commodities remaining volatile. This can exacerbate the vulnerability of poor and low-income households, further hinder their access to essential food and non-food commodities, and thereby negatively affect their food security status.



Prices of food staples marginally decreased. Most vegetable prices decreased sharply; apple and potato prices increased.



Sufficient availability of food reported by 99 percent of traders.



Medium level of demand for commodities reported by 95 percent of traders.

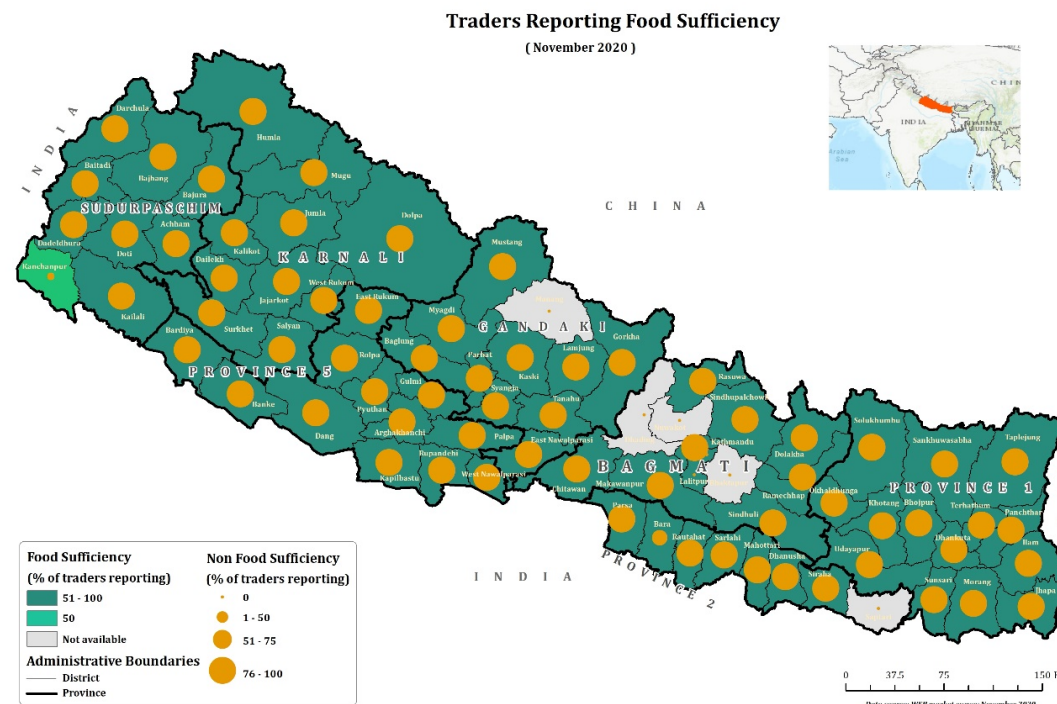


Medium level of supply and transportation of goods to markets observed by 93 and 65 percent of traders respectively.



Medium level of demand for labour reported by 99 percent of traders

29 October - 3 November 2020





MARKET OVERVIEW

Availability of food commodities was sufficient to meet the demand in markets across the 70 surveyed districts at the end of October and beginning of November 2020. Nearly 99 percent of the assessed districts reported adequate quantities of food commodities in markets, while 98.5 percent of traders reported sufficient volumes of non-food items during the reporting period. Scarcity of food and non-food commodities was mainly observed by traders in areas highly affected by the COVID-19 pandemic lockdown or with partial restrictions of vehicle movements. However, the overall availability of non-food commodities in markets improved in October compared to September 2020. All traders reported sufficient volumes of non-food items in the monitored markets in almost all provinces.

At provincial level, around 8 percent of traders in Sudurpaschim province reported inadequate volumes of food commodities in markets, while in the remaining 6 provinces all traders reported sufficient availability to meet demand. Inadequate stock of non-food items was noted by nearly 8 and 6 percent of traders in Sudurpaschim and Province 2 respectively during the reporting period.

Majority of interviewed traders noted that current demand for food and non-food commodities was at medium level across the surveyed markets. The current demand for food items was reported as medium by 95 percent of interviewed traders, and most of the remaining traders reported low food demand. A medium demand status was also observed for non-food items. While most traders reported no change in demand levels compared to the week before the survey, around 7 and 6 percent of traders in Sudurpaschim and Province 2 respectively reported a decrease in demand for non-food items. Demand for non-food commodities improved in October compared to September 2020, as 15.7 percent of traders reported low levels of demand for non-food goods in September, while only 4.5 percent of traders found demand low in October 2020.

In line with the availability, supply and transportation of goods improved in October 2020. Supply of goods to markets was reported to be medium by 93 percent of traders. An increase in supply of goods to markets compared to the week before the interview was reported by 5 percent of traders, while more than 86 percent of traders considered it stable. Similarly, medium volume of transportation was observed by more than 64 percent of traders. Around 34 percent of traders reported an increase in the transportation of goods compared to the week before the interview, and around 66 percent of traders reported no change in the volume of transportation. At provincial level, nearly 90, 56 and 26 percent of traders in Sudurpaschim, Province 2 and Province 1 respectively reported an increase in transportation of goods, followed by 23.1 and 22.2 percent of traders in Lumbini and Kamali Provinces respectively. As with supply, transportation of goods improved in October.

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

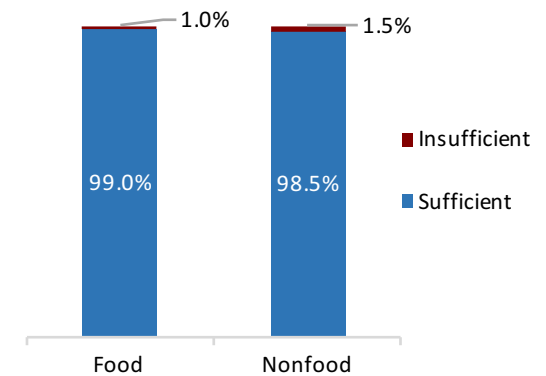


Figure 2: Demand for food and non-food items in the markets (% of traders)

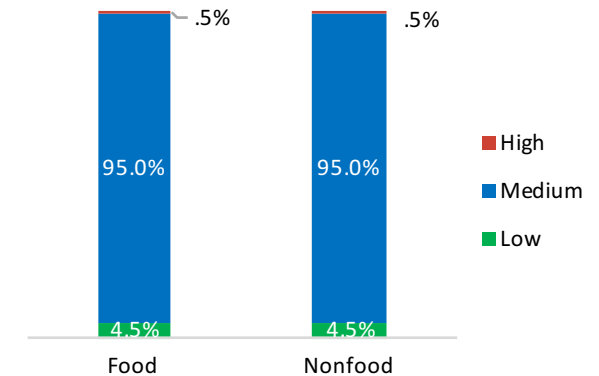
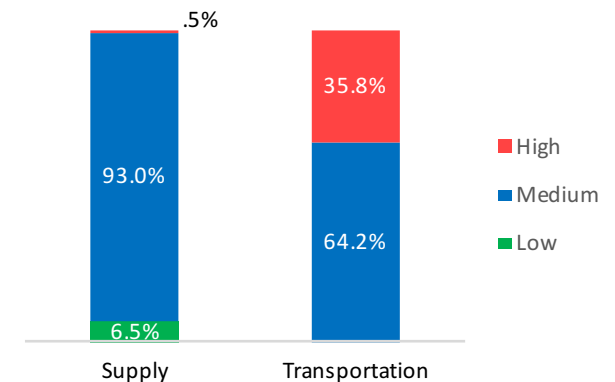


Figure 3: Supply and transportation situation (level) in the markets (% of traders)



LABOUR MARKET

In October 2020, labour demand remained at medium level during the reporting period. Almost all traders considered labour demand at medium level, and reporting of low and high demand for labour was nominal (Figure 4). Compared to September, no significant change was observed in the demand for labour - in October, 99 percent of traders reported medium level of demand, while in September it was slightly less at 97.4 percent. In terms of the wage rate, there was an increment in the market wage rate for casual labour in October compared to September 2020.

PRICE SITUATION

Retail prices of most food and non-food commodities monitored across 70 districts were relatively stable in October 2020, with some fluctuation in the retail price of a few commodities. Compared to September 2020, the retail price of potato, apples and milk showed a relatively sharp increase, whilst the retail price of most staple food commodities - such as coarse rice, wheat flour, pulses (e.g. broken lentil and chickpea), and soybean oil remained relatively stable, with only marginal fluctuations (Table 1). Retail prices of cabbage, tomato, orange and chicken meat indicated a relatively sharp decline compared to September 2020. For example, the price of potato, apple and milk increased sharply by 10.8, 6.6 and 5.5 percent respectively compared to last month, while the price of orange, cabbage, tomato and chicken meat decreased sharply by 15.2, 10.5, 9.2 and 6.9 percent respectively.

In terms of three-month changes, retail prices of most food commodities showed a mixed trend with a sharp increase in the price of vegetables such as potato, cabbage and tomato, and a sharp decline in the price of chicken meat, apple and orange. Similarly, year-on-year changes in retail prices showed an increasing trend, with a relatively sharp increase in the price of potato, tomato, soybean oil and wheat flour. Prices of chicken meat and cabbage showed a downward trend, as shown in Table 1.

At provincial level, retail prices of most commodities in Bagmati and Karnali provinces showed an increasing trend, while in other provinces most prices were relatively stable or declining. Prices remained relatively high in Karnali compared to other provinces - prices of most food commodities are 10 - 35 percent higher in Karnali than in Province 2.

Retail prices of non-food essential items such as soap, toothpaste and toothbrushes remained relatively stable, with marginal fluctuations compared to September 2020, as shown in Table 2. However, market wage rates of casual labour show an upward trend in October compared to September 2020. This could be a result of the demand for labour during the harvesting season in most parts of the country.

Uncertainty due to the continuing COVID-19 crisis and partial obstruction in the transportation of goods to many parts of the country are likely affecting various sectors and businesses, particularly the supply of perishable commodities such as vegetables. This has contributed to the price fluctuations observed since the beginning of the COVID-19 pandemic.

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

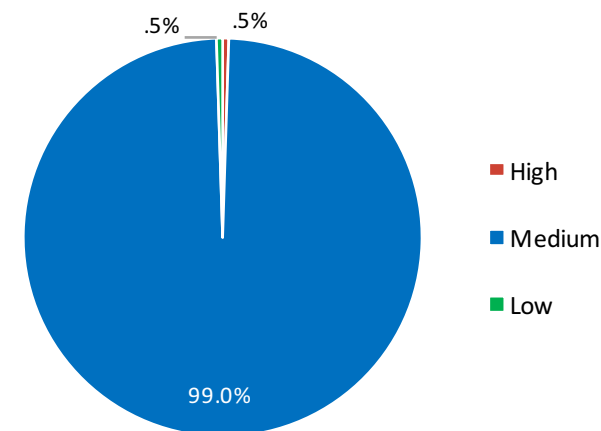


Table 1: Average retail price of food commodities (NPR/kg or ltr or doz.)

Commodities	Oct-20	Price change (%)		
		1 month	3 month	1 year
Rice coarse	46.4	-1.2%	-1.9%	-2.4%
Rice (Sona Mansuli)	58.5	-4.1%	4.0%	2.6%
Wheat Flour (atta)	59.0	-1.9%	1.5%	24.2%
Lentil Broken	136.3	-0.2%	8.8%	4.8%
Chickpea	117.0	1.1%	-0.5%	-2.5%
Soyabean Oil	174.5	2.4%	8.7%	20.3%
Chicken meat	310.2	-6.9%	-24.2%	-20.5%
Milk	83.8	5.5%	-3.9%	4.8%
Red Potato	80.5	10.8%	46.1%	64.3%
Cabbage	59.0	-10.5%	55.4%	-15.7%
Tomato	101.5	-9.2%	44.0%	19.4%
Apple	202.3	6.6%	-28.3%	6.5%
Banana	95.1	-3.3%	-10.0%	0.1%
Orange	132.9	-15.2%	-24.8%	6.3%

METHODOLOGY

The Nepal COVID-19 mVAM market survey was started in April 2020 to conduct a market survey across the country with the aim of monitoring the price of essential food and non-food commodities, and to assess the impact of the COVID-19 pandemic. During the period presented in this October report, 201 traders from 70 districts were interviewed. This survey was conducted from the last week of October to the first week of November 2020 by telephone to assess the market. The information assessed includes the 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 traders, and therefore may not reflect the market price or actual transaction value.

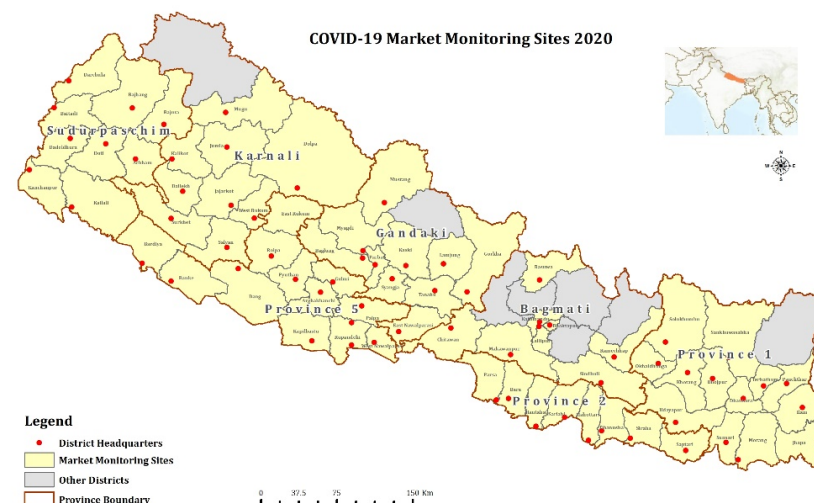


Table 2: Retail prices of essential commodities by Province (NPR/kg or litre or dozen or gram)

Commodities	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Rice coarse	44	43	45	47	43	62	44
Rice (Sona Mansuli)	54	53	52	55	55	79	60
Wheat Flour (atta)	62	54	57	56	57	73	51
Peas	100	89	88	85	86	129	90
Chickpea	116	117	117	116	113	156	122
Lentil Broken	130	122	128	132	125	158	134
Soyabean Oil	175	176	178	176	167	196	166
Iodised salt	25	22	24	24	22	23	25
Chicken meat	324	267	288	299	286	379	368
Egg	14	15	15	14	15	17	15
Milk	82	80	91	91	81	104	86
Red Potato	85	77	87	85	78	71	77
Tomato	103	114	99	106	93	135	101
Cauliflower	94	102	104	114	85	120	75
Cabbage	50	61	63	66	60	60	55
Orange	146	139	149	166	116	154	97
Apple	234	197	194	171	211	160	204
Banana	99	92	98	95	95	160	97
Bathing soap	38	38	39	42	37	43	39
Washing soap	35	39	36	38	37	43	37
LP GAS	1496	1383	1458	1413	1431	1746	1609
Tooth paste	53	46	60	58	46	55	75
Tooth brush	25	25	26	26	26	30	26
Unskilled labour wage	740	638	736	742	651	794	699

For further information



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