mVAM MARKET UPDATE NEPAL # 11
March 2023

World Food Programme

SAVING LIVES
CHANGING LIVES



Prices of most essential commodities monitored across the country remained stable compared to February 2023. Prices of food staples and pulses showed a marginal fluctuation, however prices of vegetables and fruits increased sharply. On average, **the cost of the food basket was 14 percent higher in March 2023 compared to April 2022**. The cost of the **food basket in Karnali was 11 percent higher** than the national average.

Overall, **sufficient availability** of goods was observed across Nepal. However, stocks of food and non-food items were reported to be insufficient by traders in a few remote markets of Karnali Province.

Demand for food was reported as **stable or medium by 75.7** percent of traders, and **82.5 percent** of traders reported stable or medium demand for **non-food items**. This shows a continuation of the stabilization in demand observed in February 2023.

Supply and transportation of goods improved compared to February 2023, largely reported at medium level. Most traders reported a stability in transportation costs.

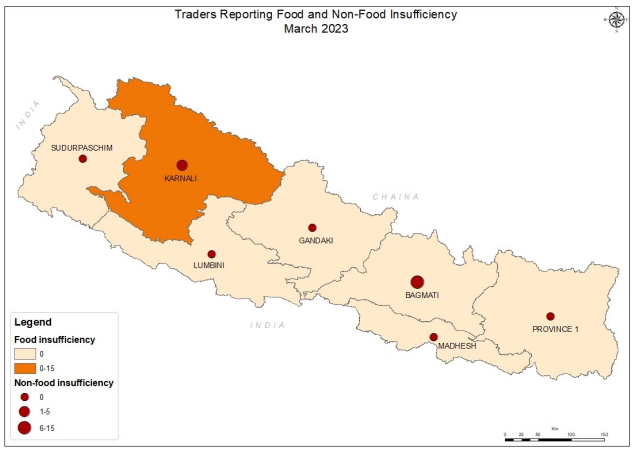
Demand for labour remained largely stable. Fewer traders reported a low level of demand for labour compared to February 2023.

MARCH MARKET MONITOR

MARKETS

Food Availability: Availability of both food and non-food commodities has improved compared to February 2023, and is largely sufficient and stable. However, localized scarcity in a few rural markets was reported in Karnali Province. About 98.1 percent of traders in the 53 districts monitored reported that food and non-food items were available in sufficient quantities, compared to 97.5 percent of traders reporting sufficient availability of food and 97.1 percent sufficient availability of non-food items in February 2023. A small number of traders had concerns about the scarcity of certain commodities in the coming month, mainly for edible oils in rural markets of Bagmati Province and non-food items in Karnali Province.

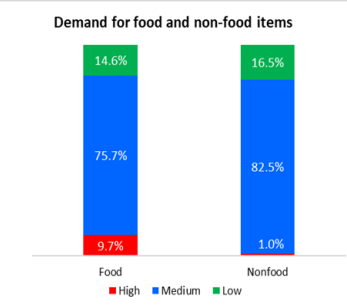
Demand: Demand for food and non-food commodities remained mostly stable. Around 75.7 and 82.5 percent of traders reported medium levels of demand of food and non-food commodities, compared to 68.3 and 67.9 percent in February. High demand was reported by 9.7 of traders for food items and 1 percent of traders for non-food items. Similarly, 14.6 and 16.5 percent of traders reported low demand for food and non-food items in March, compared to 28 and 31.1 percent the previous month. Traders reporting low demand for food and non-food items declined compared to the previous month, indicating a relative improvement in supply and sufficient availability of commodities.

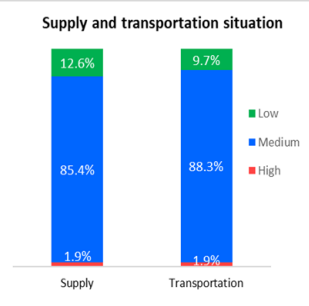


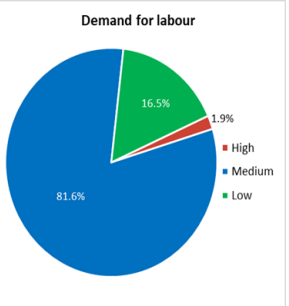
Supply and Transportation: Supply and transportation remained largely stable across the country. In line with demand for commodities, supply and transportation of goods to markets remained stable compared to February 2023. A moderate level of supply and transportation was reported by 85.4 and 88.3 percent of traders, respectively, compared to 63.8 percent of traders reporting moderate levels of supply and transportation the previous month. Traders reporting low level of supply and transportation also declined in March, as reported by 12.6 and 9.7 percent of traders. About 78.6 percent of traders reported transportation costs remained the same in March compared to the previous month, while 21.4 percent of traders reported an increase in transportation cost mainly in some hill districts.

Demand for Labour: Demand for labour remained largely stable in March 2023. About 81.6 percent of traders reported a moderate level of demand for labour in March compared to 69.5 percent in the previous month. 16.5 percent of traders observed a low level of demand for labour compared to 30.5 percent in February.









PRICES

Retail prices of most food commodities monitored in 16 major markets across the country remained relatively stable. However, prices of vegetables, fruit and milk increased sharply. A marginal increase was recorded in the price of chicken meat. Prices of edible oil dropped marginally, while prices of staple foods remained largely stable compared to February (see table 1). This is likely due to the improvement in supply and stability in transportation cost.

In terms of month-on-month changes, a sharp rise was recorded for the price of tomato (32 percent), cabbage (22 percent), orange (13 percent) and banana (12 percent). The prices of apple increased slightly (6 percent), while prices of soybean oil, chickpea and wheat flour decreased marginally. Prices of rice, lentil, sugar and potato remained stable compared to February 2023.

Three month changes mostly show a mixed trend. An increase was found in the price of fruit, wheat flour and milk, while a marginal rise was recorded in the price of tomato, chicken meat and rice. Prices of vegetables and pulses decreased.

Year-on-year changes largely indicate an increase in prices for most commodities, with a sharp increase seen in the price of wheat flour, banana, orange, milk and rice medium, while the price of apple, sugar and coarse rice show a marginal increase. Prices of potato, soybean oil and cabbage marginally declined. Figure 1 shows however a downward trend in price after the sharp increase due to the impact of the global food crisis.

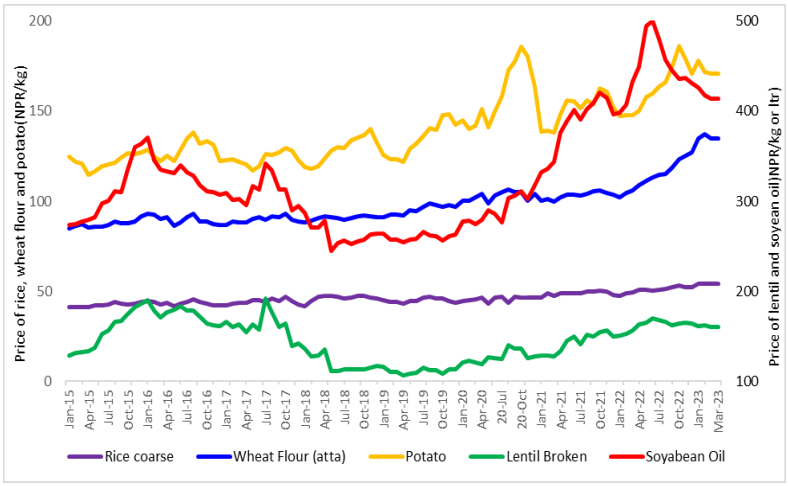
Retail prices in major provincial markets monitored in March 2023 showed some regional disparities. A relative decline of most food commodities was recorded in Gandaki, Karnali and Sudurpaschim provinces, while relatively stable with marginal fluctuations was found in Bagmati and Madhesh provinces as shown in Table 2. However, sharp increase of prices of tomato, cabbage, and orange was recorded in all provinces.

Sharp increases for certain commodities were recorded mainly in Madhesh, Gandaki and Lumbini, where prices of banana and tomato increased by more than 35 percent, together with notable increase of cabbage and apple.

Table 1: Average retail price and price trends, March 2023

Commodity	Price (NPR)	1 month	3 month	1 year
Rice coarse	54	0%	6%	10%
Rice (*Sona mansuli*)	77	0%	1%	17%
Wheat flour (*atta*)	83	-1%	11%	48%
Lentil broken	162	0%	-1%	4%
Chickpea	131	-1%	-2%	1%
Sugar	95	0%	-2%	5%
Soyabean oil	256	-3%	-4%	-8%
Chicken meat	422	2%	4%	0%
Egg	17	-1%	-4%	-3%
Milk	108	8%	11%	20%
Red potato	36	0%	-18%	-14%
Cabbage	43	22%	-10%	-8%
Tomato	62	32%	4%	2%
Apple	284	6%	10%	5%
Banana	130	12%	14%	24%
Orange	181	13%	44%	21%

Figure 1: Price trend of key food commodities (Jan 2015– Mar 2023)



***Inflation** as measured by the Consumer Price Index (CPI) increased by 7.44 percent year-on-year (y-o-y) and 0.48 percent month-on-month (m-o-m) in March 2023. The CPI of **food and beverages** was 5.64 percent y-o-y and 1.06 percent m-o-m.*
***Fuel price**, one of the largest contributors to food prices through transportation and production costs, decreased marginally in March compared to February 2023. However, prices of petrol, diesel and Liquified Petroleum Gas (LPG) remain **9.4, 15.4** and **12.5** percent, higher than March 2022, respectively.*
***Exchange rate** of **NPR** against **USD** decreased by 1 percent m-o-m in March 2023 and 9 percent y-o-y, contributing to the rise in prices of imported commodities and agricultural inputs.*

PURCHASING POWER

Purchasing power of daily wage labourers remained largely low in regions with a high prevalence of food insecurity.

Purchasing power decreased slightly in mountain and hill regions compared to February 2023. An unskilled laborer could purchase 9.6 kg of medium rice in the mountain areas and 11.3 kg in the hills with one day's wages in March, compared to 11 kg and 12.8 kg in the same areas in February 2023. In the Terai, purchasing power marginally increased in March compared to February 2023. This could be due to improvements in the supply of food commodities and resulting stability in food prices.

Notable differences in purchasing power were found at the provincial level. An unskilled laborer could purchase 13.1 kg and 12.5 kg of medium rice with one day's wages in Lumbini and Madhesh provinces respectively, while in Karnali and Sudurpaschim provinces, a laborer could purchase only 9.2 kg and 10.9 kg. This difference in purchasing power is mostly a result of low wage rates in remote and rural areas and relatively higher prices of food commodities due to high transportation costs.

COST OF FOOD BASKET

The cost of food basket remained high, despite stability and improvement in supplies and transportation.

In line with the observed changes in retail prices, the cost of the food basket (consisting of rice, pulses, soybean oil, eggs and vegetables) is NPR 81.8 per person per day, slightly higher than the February 2023 value (NPR 81.8) and 14 percent higher than the cost of food basket in April 2022 (NPR 73.2).

The cost of food basket in Karnali Province[1] remained high at NPR 92.1 per person per day in March 2023, a slight reduction of 1.5 percent compared to February 2023, and 14 percent higher than the national average (Table 2).

The cost of food basket was lowest in Madhesh province (NPR 71.5), followed by Lumbini Province (NPR 72.5).

The persistently high cost of the food basket, coupled with low purchasing power is a cause for concern in areas with higher rates of poverty and food insecurity, especially in Karnali Province and the mountain belt. This may lead to limited access to basic food commodities, which is critical for maintaining food security and nutritional status.

Table 2: Cost of food basket

Items	Grams (person/ day)	Kcal	Cost/person/day (NPR) Nepal April 2022	Cost/person/day (NPR) Nepal March 2023	Cost/person/day (NPR) Karnali March 23
Rice white, medium grain	350	1,260	22.75	27.0	31.2
Lentils	90	309	13.95	14.6	14.6
Soybean oil	35	309	8.40	9.0	9.1
Egg	60	86	14.00	17.0	18.0
Sugar	35	135	2.80	3.3	3.7
Iodized salt	5	0	0.10	0.1	0.1
Milk (cow)	100	61	8.50	10.8	13.1
Leaves, dark green e.g. broad mustard leaves	30	7	2.70	1.7	2.3
Total		2167	73.2	83.4	92.1

[1] Calculations for the cost of the food basket in Karnali Province excludes Dolpa and Humla districts

OUTLOOK

Food prices, in particular prices of vegetables, are expected to increase in the coming months with the end of the harvest season for vegetables, however the price of wheat is expected to decrease or remain the same with increased availability following the harvest season. Preliminary seasonal forecasts for August to October 2023 show a below normal precipitation of 40 percent, indicating a high probability of drought-like conditions, which will negatively impact production levels of summer crops such as rice and maize.

METHODOLOGY

WFP Nepal regularly monitors and conducts market surveys using the mobile Vulnerability Assessment and Mapping (mVAM) method. This market survey was conducted in the fourth week of March 2023 across the country aimed at monitoring the prices of food and non-food commodities and assess the impact of the global market and supply chain disruptions.

In March 2023, 108 traders from 53 districts were interviewed through telephone and face to face. The information assessed includes availability of food and non-food items, demand and supply, transportation and labour demand, including the retail prices of basic food items and the wage rate of 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. To calculate purchasing power, the ratio between average minimum daily wage rate and the price of medium rice is compared, a method commonly used for estimating purchasing power as a terms of trade.

Table 3: Average retail price of essential commodities by province, March 2023

Commodity	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Apple	292	219	278	260	296	320	276
Banana	109	117	114	127	104	144	132
Blackgram	153	171	175	159	162	162	174
Cabbage	45	38	41	45	32	51	49
Carrot	57	41	52	46	44	111	58
Chicken meat	408	377	400	425	390	493	461
Chickpeas	123	106	119	119	118	133	135
Egg	16	15	16	15	15	17	17
Fish	390	341	378	386	384	580	425
Green leaves (rayo sag)	35	42	25	31	28	77	52
Lentil broken	154	148	153	151	152	163	167
Market wage of unskilled labour	736	763	842	805	793	817	780
Milk	90	98	93	115	95	131	95
Mustard oil	293	244	268	262	266	292	313
Orange	216	184	156	161	169	211	160
Peanut	250	226	231	224	313	638	231
Peas	129	120	133	126	124	140	135
Pumpkin (Yellow)	52	53	70	73	52	78	60
Red potato	37	25	34	36	36	54	38
Rice (Sona mansuli)	61	61	78	69	60	89	71
Rice coarse	46	47	54	50	47	59	48
salt	24	23	25	25	24	29	25
Soyabean oil	243	229	238	234	246	261	265
Sugar	96	85	98	96	91	104	94
Tomato	61	52	59	64	42	79	66
Wheat flour (Atta)	89	76	89	82	81	86	81

Note: Average price in Karnali Province includes the price of food commodities of Dolpa and Humla districts

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