



HIGHLIGHTS

- Retail prices of most food commodities continued to fluctuate in December 2020. A sharp increase was found in the price of apples, bananas, chicken meat, soybean oil and wheat flour, while prices of most vegetables decreased significantly. Prices of staple food commodities such as coarse rice, rice medium (*Sona Mansuli*), lentil and chickpea were relatively stable.
- Overall, the December Market Monitor indicates that markets- rural and urban- are functioning well, with improved supply of goods from the recently harvested summer crops and seasonal vegetables. Availability of food and non-food essential commodities was sufficient across the country. Most traders observed that customer demand for food and non-food items remained medium, as in the previous reporting period. However, 7 and 4.8 percent of traders reported high demand for food and non-food commodities respectively. This could be an early indication of a gradual recovery of the economy after the economic slowdown caused by the COVID-19 crisis.
- In December, supply and transportation of goods to markets remained stable, with signs of improvement. Almost all traders from the 71 monitored districts reported that supply of commodities and transportation of goods to markets was at medium level. Compared to November 2020, an increased number of traders reported that transportation and the supply of goods to market was relatively stable and functioning smoothly.
- The demand for labour was observed as moderate by almost all traders. Markets monitored in December showed slight yet continuous improvement observed in the previous reporting period, with no traders reporting low labour demand in December and some traders (1.1%) reporting high demand for labour. The recent planting season for winter crops and an increase in development and construction activities could have contributed to this overall trend.
- In December 2020, overall inflation, as measured by the Consumer Price Index (CPI), remained at 2.9 percent year-on-year and -1.3 percent month-on-month. The CPI of food and beverage was 5.2 percent year-on-year and -1.04 percent month-on-month. The year-on-year inflation of non-food and services was 1.2 percent.
- The overall price trend and market situation indicates a gradual improvement in the demand and supply of goods and economic activities following the COVID-19 lockdown. However, people in remote areas with limited access to employment opportunities and vulnerable groups, including daily wage labourers, remain at risk. Volatilities in prices may further exacerbate their vulnerability and affect their ability to access food and non-food items.



Prices of food staples remained relatively stable. Most vegetable prices decreased sharply; chicken meat, apple and soybean prices increased.



Sufficient availability of food reported by almost all traders.



Medium level of demand for commodities reported by more than 92 percent of traders.



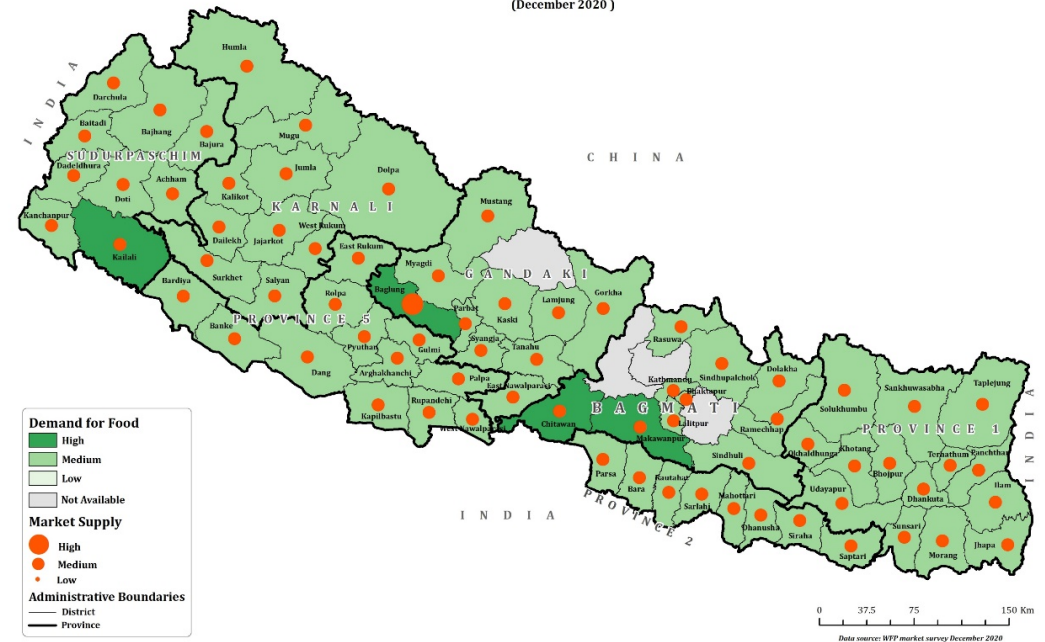
Medium level of supply and transportation of goods to markets observed by 97 and 98 percent of traders respectively.



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

29 December 2020 - 3 January 2021

Traders Reporting Market Supply and Demand
(December 2020)





MARKET OVERVIEW

Food commodities were available at a sufficient level to meet demand in markets across the 71 districts surveyed at the end of December 2020. Almost all traders across the assessed districts reported adequate quantities of food and non-food commodities in markets during the reporting period. This shows that availability of goods in markets is stable and the availability of goods adequate for demand. At provincial level, almost all provinces reported sufficient volumes of food and non-food items in markets, with smooth functioning of markets and transportation services during the reporting period. However, pockets of insufficient availability were detected - in Sudurpaschim 9.5 percent of traders observed that food and non-food items in the markets were not sufficient to meet demand.

More than 92 percent of traders reported 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 medium by 92.5 percent of interviewed traders, with most remaining traders reporting high food demand. Slightly higher demand for non-food items was also reported by traders. Most provinces reported medium level of demand for food and non-food commodities. However, 30 percent of traders in Bagmati Province reported a high demand for food, while only 15 percent reported a high demand for non-food commodities. Likewise, 9.5, 9.1 and 7.7 percent of traders in Province 2, Lumbini and Gandaki respectively reported a high level of demand for food. Few traders in Sudurpaschim Province reported low level of demand for food and non-food items. Demand for non-food commodities slightly improved in December compared to November 2020, as 2.8 percent of traders reported low levels of demand for non-food goods in November, while only 1 percent of traders found demand low in December 2020.

Supply and transportation of goods remained relatively stable in December 2020, improving slightly. Supply of goods to markets was reported as medium by 97.3 percent of traders. An increase in supply of goods to markets compared to the week before the interview was reported by 3 percent of traders, while more than 98 percent of traders considered supply to be stable. A similar response was found in the transportation of goods compared to the week before the interview. At the provincial level, most traders reported stable supply and transportation of goods in December 2020. However, nearly 14, 10 and 9 percent of traders in Sudurpaschim, Province 2 and Lumbini Provinces respectively reported an increase in supply of goods, while 14.3 percent of traders in Sudurpaschim Province observed an improvement in the transportation of goods in December. No traders reported low or declining supply and transportation of goods in December 2020 in any province.

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

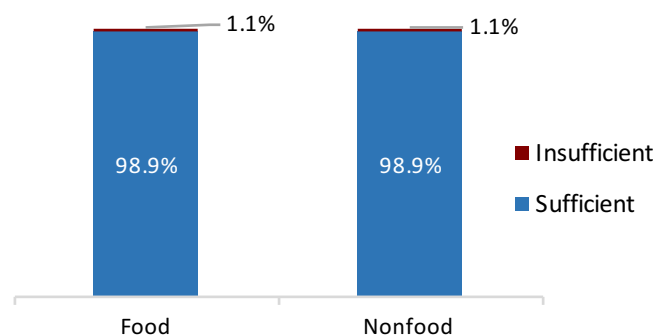


Figure 2: Demand for food and non-food items in the markets (% of traders)

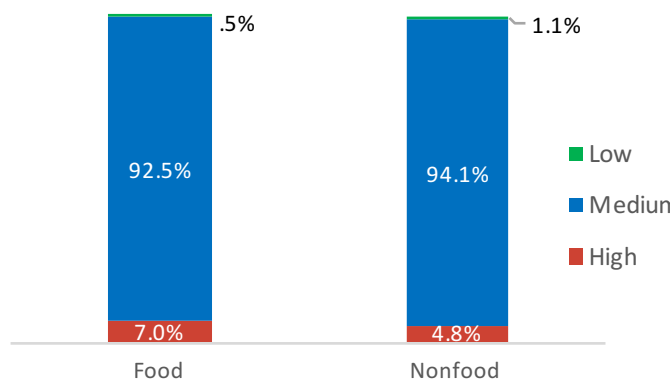
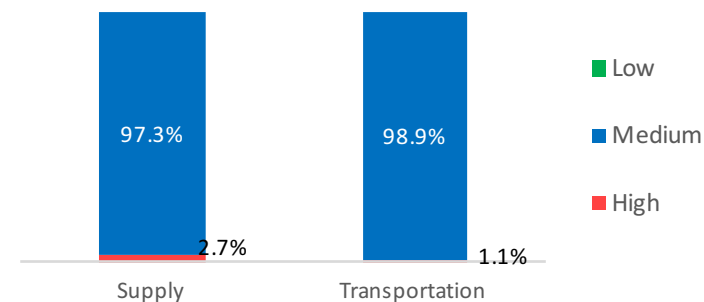


Figure 3: Supply and transportation situation (level) in the markets (% of traders)





LABOUR MARKET

Labour demand remained mostly stable and at a medium level during the reporting period.

Almost all traders considered demand for labour to be at medium level in December 2020, as shown in Figure 4, while the proportion of traders reporting high demand for labour was marginal, and mainly in Province 1 and Sudurpaschim. Compared to November, no significant change was found in the demand for labour - in December, 98.9 percent of traders reported a medium level of demand, compared to 99.5 percent in November. Nevertheless this is in line with the gradual improvement in the functioning of markets, including of labour market, observed in the previous reporting period. Market wage rate of casual labour also remained relatively stable in December compared to November 2020.

PRICE SITUATION

In December 2020, the retail prices of most food and non-food commodities monitored in 71 districts across the country continued to fluctuate.

- Compared to November 2020, the retail price of apple, chicken meat, soybean oil, oranges and wheat flour showed a sharp increase. The retail prices of most staple food commodities - such as rice coarse and rice medium (*Sona Monsuli*) and pulses such as lentil and chickpea remained relatively stable, with marginal fluctuations as shown in Table 1. Prices of red potato, tomato and cabbage showed a sharp decline compared to November. The price of apple, chicken meat and soybean oil increased by 19.2, 25.6, 13 and 7.3 percent respectively compared to the last month, while the price of tomato, red potato and cabbage decreased sharply by 28.3, 25.6 and 11.8 percent respectively. Compared to three-months earlier, the retail prices of most food commodities showed a declining trend. Year-on-year changes in retail prices mostly showed an increasing trend, with relatively sharp increases in the price of potato, apple, soybean oil and lentils. The price of orange and cabbage showed a downward trend, as shown in Table 1.
- At the provincial level, retail prices of most commodities in all provinces showed a relatively mixed trend or remained stable, with relatively higher fluctuations in Gandaki, Bagmati, Province 2 and Karnali compared to other provinces. Prices remained relatively higher in Karnali - prices of most food commodities remain 10 - 30 percent higher in Karnali than in Province 2 and Lumbini, as shown in Table 2.
- Retail prices of non-food essential items such as soap, toothpaste and toothbrushes showed a declining trend, while the price of hand sanitizer marginally increased.
- Market wage rates of unskilled and skilled labour remained relatively stable and in line with the trend observed in the previous reporting period. This could be a result of the demand for labour that is affected by the ending of the planting season for winter crops in most parts of the country.
- Despite decreasing COVID-19 cases, uncertainties remain in business operations and will likely continue to affect various aspects of the economy. This may further exacerbate the condition of poor and vulnerable people relying on daily wages and small-scale businesses, which in turn can contribute to fluctuations in the prices of essential commodities, as observed since the COVID-19 pandemic lockdown.

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

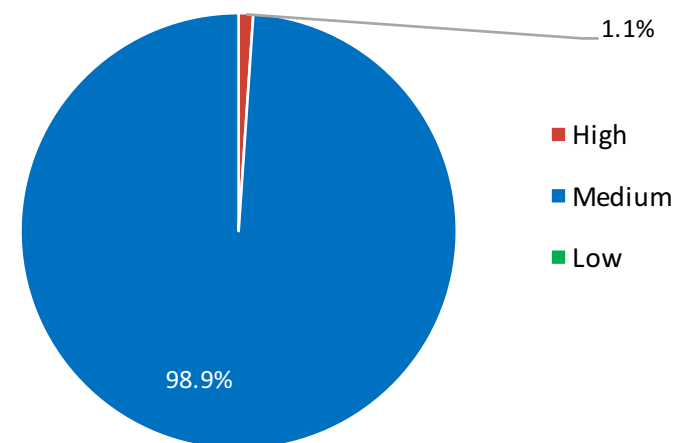


Table 1: Average retail price of food commodities (NPR/kg or ltr or doz.)

Commodities	Dec-20	Price change (%)		
		1 month	3 month	1 year
Rice coarse	46.3	0.3%	-1.3%	6.3%
Rice (Sona Mansuli)	58.2	-0.6%	-4.5%	0.4%
Wheat Flour (atta)	57.5	6.1%	-4.4%	7.6%
Lentil Broken	127.6	1.9%	-6.5%	12.5%
Chickpea	119.4	1.0%	3.2%	5.0%
Soyabean Oil	190.2	7.3%	11.6%	27.5%
Chicken meat	357.8	13.0%	7.4%	4.3%
Milk	82.3	-4.1%	3.6%	-0.4%
Red Potato	59.7	-25.6%	-17.8%	30.7%
Cabbage	48.1	-11.8%	-27.0%	-3.9%
Tomato	66.9	-28.3%	-40.1%	1.5%
Apple	243.1	19.2%	28.1%	35.5%
Banana	93.4	-3.5%	-4.9%	3.1%
Orange	98.4	7.6%	-37.2%	-9.1%

METHODOLOGY

The Nepal COVID-19 mVAM market surveys have been conducted since April 2020 on a monthly basis across the country, with the aim of monitoring the price of essential food and non-food commodities and assessing the impact of the COVID-19 pandemic on basic market functionality. During the period presented in this December report, 186 traders from 71 districts were interviewed. This survey was conducted during the last week of December 2020 by telephone to assess the current markets. 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 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	Lumbini	Karnali	Sudurpaschim
Rice coarse	44	45	51	53	42	55	42
Rice (<i>Sona Mansuli</i>)	51	52	61	60	51	68	60
Wheat flour (<i>atta</i>)	61	49	56	58	57	66	51
Peas	122	100	103	104	101	117	96
Chickpea	124	109	115	120	110	133	127
Lentil Broken	130	120	121	126	132	144	131
Soybean Oil	190	193	184	187	196	198	176
Iodized salt	25	23	23	23	24	25	23
Chicken meat	385	313	353	388	324	422	377
Egg	17	17	15	15	19	16	16
Milk	85	77	81	88	79	104	84
Red Potato	70	49	59	58	49	58	75
Tomato	79	65	79	75	60	83	85
Cauliflower	64	46	61	60	43	76	69
Cabbage	50	37	48	52	36	58	54
Orange	109	85	101	98	86	114	104
Apple	269	253	237	223	269	220	218
Banana	107	77	93	101	82	110	101
Bathing soap	39	36	41	40	34	40	35
Washing soap	37	34	40	40	30	38	37
LP GAS	1519	1381	1443	1444	1408	1922	1536
Toothpaste	66	60	76	78	50	72	64
Toothbrush	29	27	29	30	25	29	26
Unskilled labour wage	728	714	800	690	682	757	643

For further information



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