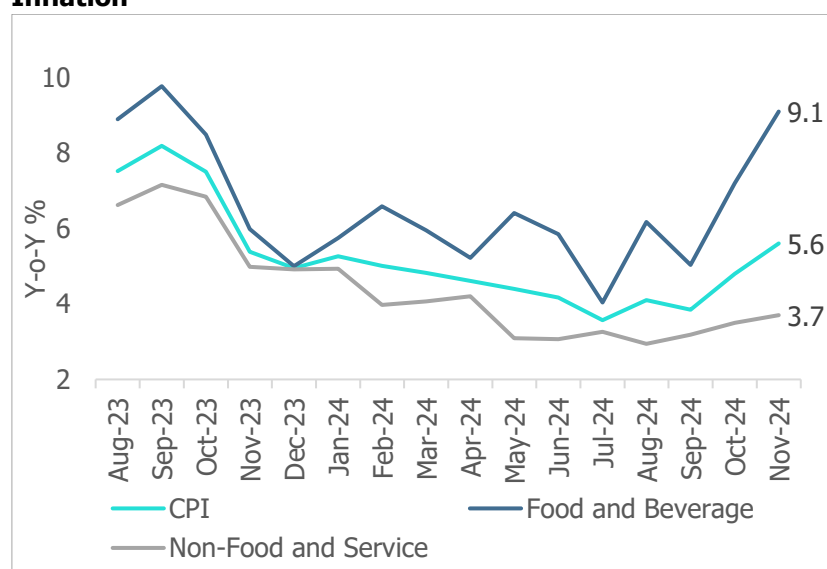


In mid-November 2024, Nepal's macroeconomic situation was marked by rising price pressures while external position remained comfortable. Consumer price inflation increased, primarily due to rising inflation in the food and beverage category. At the same time, foreign exchange reserves reached an all-time high, strengthening the country's resilience against external risks. The trade deficit narrowed for the second consecutive month, indicating gradual improvements in the external economic environment. Furthermore, the balance of payment position remained in surplus.

## Inflation



Source: Nepal Rastra Bank

Nepal's consumer price inflation accelerated to 5.6% year-on-year (y-o-y) in mid-November, up from 4.8% in mid-October. This increase was primarily driven by a significant rise in food and beverage inflation, which jumped to 9.1% from 7.2% in the same period. Meanwhile, inflation in the non-food and services category saw a marginal increase to 3.7% from 3.5%.

oil. Conversely, the price index decreased for spices, sugar and sugar products, as well as meat and fish.

In the food and beverage category, the year-on-year price index increased for several subcategories, including vegetables, pulses and legumes, cereal grains and their products, and ghee and

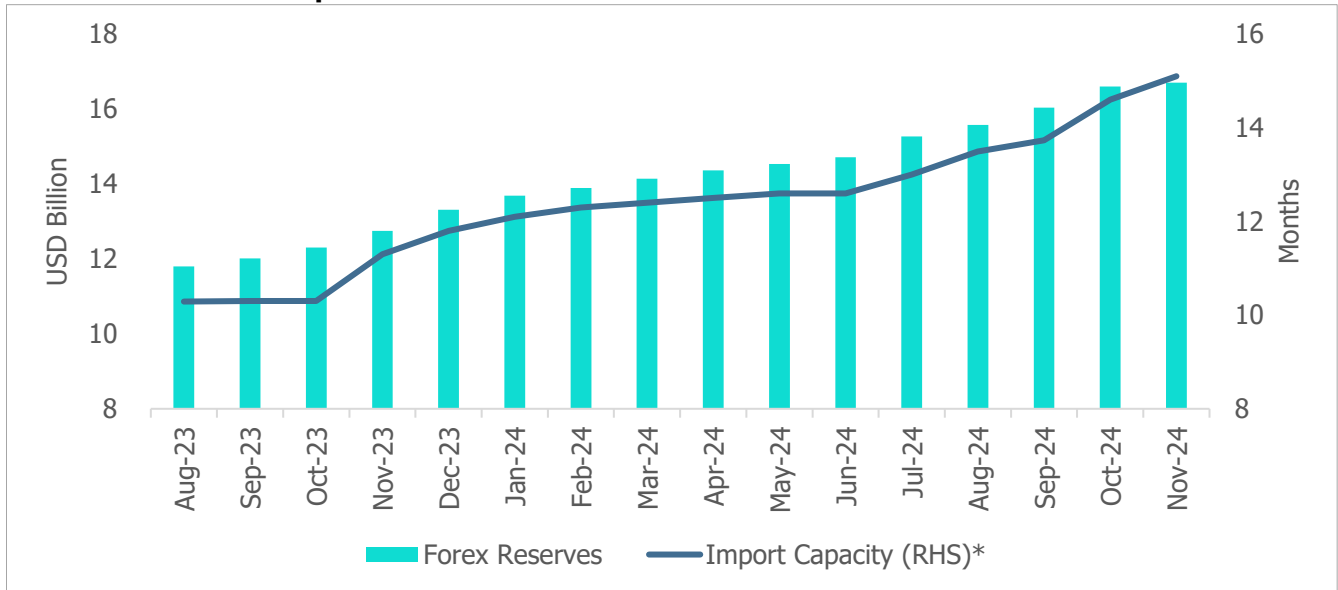
In the non-food and services category, the year-on-year price index rose for subcategories such as miscellaneous goods and services, alcoholic drinks, clothing and footwear, and tobacco products.

## External Sector

Nepal's foreign exchange reserves reached a record high of USD 16.7 billion in mid-November, reflecting a 9.4% increase since mid-July. These reserves are enough to cover 15.1 months' worth of expected merchandise and service imports. Additionally, remittance inflows rose by Rs 114.3 billion to Rs 521.6 billion from mid-October to mid-November.

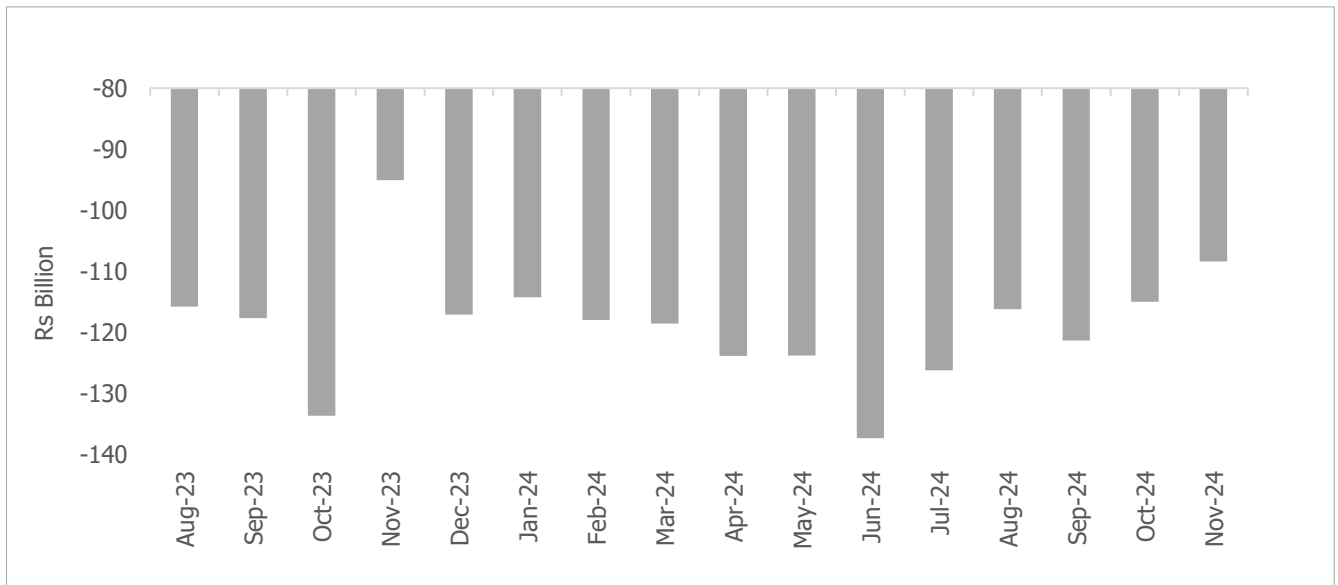
Merchandise exports experienced a growth of 47.5% year-on-year to reach Rs 14.3 billion in mid-November. The high growth number can be attributed to a sequential growth of 7.6% and a low base in the same month last year. Meanwhile, imports increased by 17.1% year-on-year to Rs 122.6 billion, but showed a sequential decline of 4.3%. The trade deficit narrowed for the second consecutive month, reaching Rs 108.3 billion in mid-November, down from Rs 114.9 billion in the previous month and Rs 95.1 billion in mid-November 2023.

**Forex Reserves and Import Cover**



Source: Nepal Rastra Bank (\*Import capacity includes cover for merchandise & services)

**Trade Deficit**



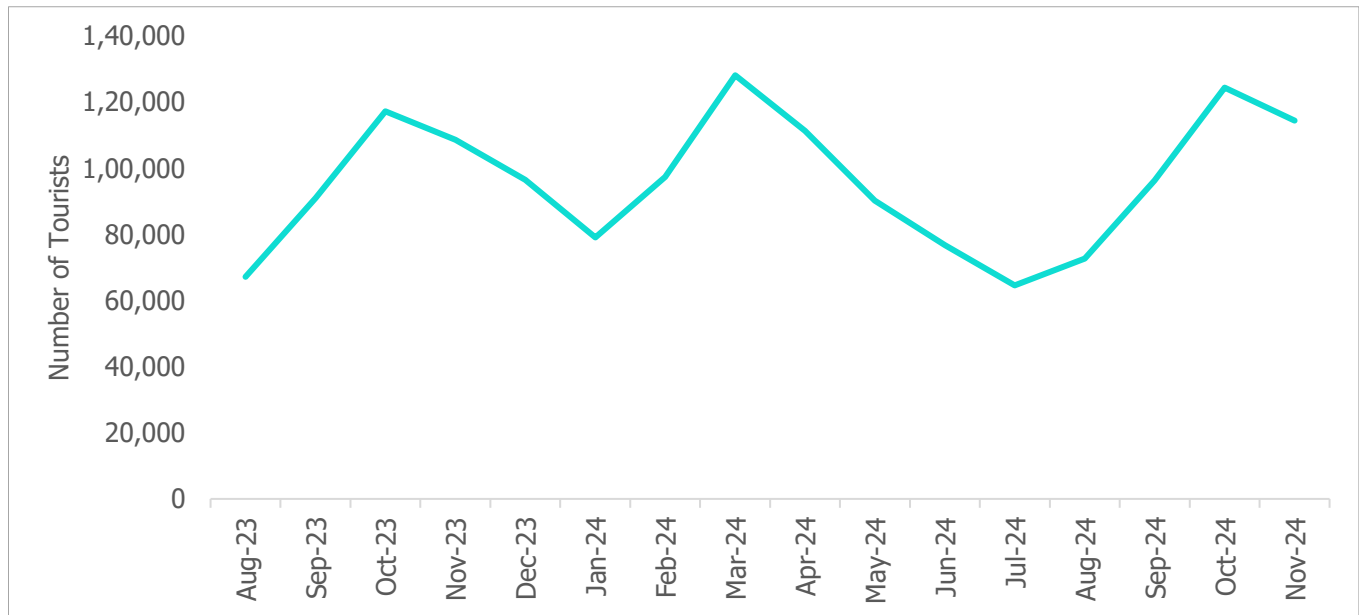
Source: Nepal Rastra Bank

Nepal's current account recorded a surplus of Rs 143.4 billion during the first four months of the fiscal year, up from Rs 97.1 billion in the same period last year. Net capital transfers increased to Rs 2.5 billion, compared to Rs 1.6 billion in the previous year, while foreign direct investment inflows (equity only) rose to Rs 5.8 billion, up from Rs 3.6 billion. The balance of payments (BoP) also registered a surplus of Rs 205.8 billion, improving from Rs 150.2 billion in the corresponding period last year.

## Tourism

Nepal's tourism sector experienced a slowdown in mid-November, with tourist arrivals declining by 8% sequentially, following a 29.2% increase in the previous month. However, on a year-on-year basis, arrivals grew modestly by 5.4% during the same period. Cumulatively, Nepal welcomed 10.6 lakh tourists in the first eleven months of 2024, marking an increase from 9.2 lakh tourists during the corresponding period last year.

### Tourist Arrivals



Source: Nepal Rastra Bank

### Monthly Data of Key Economic Variables

Indicators (Mid-Month)	July	August	September	October	November
	2024	2024	2024	2024	2024
Consumer price inflation (y-o-y%)	3.6	4.1	3.9	4.8	5.6
Wholesale price inflation (y-o-y%)	4.4	3.7	2.8	5.5	5.2
Merchandise export growth (y-o-y%)	-3.2	-9.6	-0.4	-7.9	47.5
Merchandise import growth (y-o-y%)	6.5	-0.7	2.8	-13.4	17.1
Trade deficit (Rs billion)	126.2	116.2	121.3	114.9	108.3
Worker's remittances (Rs billion)	117.8	136.9	126.2	144.2	114.3
Foreign exchange reserves (\$ billion)	15.3	15.6	16.0	16.6	16.7
Domestic credit (y-o-y%)	6.1	7.7	6.3	6.1	5.1
Deposits (y-o-y%)	13.0	14.9	13.8	12.8	12.6
Repo rate (%)	5.5	5.0	5.0	5.0	5.0
Bank rate (%)	7.0	6.5	6.5	6.5	6.5
Weighted average deposit rate (%)	5.8	5.7	5.5	5.2	5.0
Weighted average lending rates (%)	9.9	9.7	9.5	9.3	9.1

Source: Nepal Rastra Bank

## Contact

Akanksha Bhende	Associate Economist	akanksha.bhende@careedge.in	+91 - 22 - 6754 3424
Khushi Jindal	Associate Economist	khushi.jindal@careedge.in	+91 - 22 - 6754 3568
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

## CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

Connect :



Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | Noida | Pune

## About:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd (previously known as CARE Risk Solutions Pvt Ltd), (II) CARE ESG Ratings Ltd, (previously known as CARE Advisory Research and Training Ltd) and (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd in Mauritius, CARE Ratings South Africa (Pty) Ltd, and CARE Ratings Nepal Ltd.

## Disclaimer:

This report is prepared by CARE Ratings Limited (CareEdge Ratings). CareEdge Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CareEdge Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CareEdge Ratings has no financial liability whatsoever to the user of this report.