



Photo: WFP/Marwa Awad

## Highlights

Prices of diesel and butane gas started to increase across Syria after more than a year seeing a falling trend. Diesel increased by eight percent since May while butane gas increased by three percent.

The highest diesel prices and increases were found in opposition held areas (XB), which also face other challenges such as high food basket prices and low wages for unskilled labour. Moreover, the average price of commercial bread was SYP 230/bundle in the three XB areas compared to the national average of SYP 140/bundle.

The Terms of Trade (ToT) between the daily wage for unskilled labour and wheat flour continued to increase in June. The main driver of this development is the increasing level of the daily wages.

For the first time in 2018, international food prices saw a decrease. While the Food Price Index decreased by one percent, the Cereal Price Index decreased by four percent.

For further information please contact:

Jan Michiels Jan.Michiels@wfp.org  
Dima Alhumsi Dima.Alhumsi@wfp.org

## Standard Food Basket

In June 2018, the national average price of a standard food basket<sup>2</sup> decreased to SYP 24,188 from SYP 24,256 in May. This follows the decreasing trend of both the past six months (15 percent) and the past year (27 percent). One of the main causes for the decreasing national food basket trend is that prices of the food basket items in hard-to-reach areas or previously besieged areas such as Deir-ez-Zor are starting to fall as they become better connected supply routes.

Despite an annual fall of 37 percent in the average food basket price, Deir-ez-Zor still reported the highest current price at SYP 34,973 while the lowest was recorded in Al-Hasakeh at SYP 20,142. The average food basket price in opposition-held areas (XB\*) was SYP 25,741 in June, which is eight percent higher than the average food basket price in government held areas (SYP 23,829).

Nine of the 14 governorates saw a decrease in food basket prices, mainly in Al-Hasakeh (seven percent) and accessible areas of Quneitra (four percent). The highest increase in the food basket price was reported in Quneitra XB (eight percent) and Dar'a XB (three percent).

Except for Dar'a XB which has experienced a 12 percent increase in the food basket price since December 2017, all other governorates across Syria have experienced a fall in food basket prices over 12 months. The largest y-o-y drop in food basket prices were found in Ar-Raqqa (44 percent) followed by Deir-ez-Zor (37 percent), Idleb XB (32 percent) and Hama (30 percent).

Chart 1: National Min., Max. and Average Cost of Food Basket, SYP

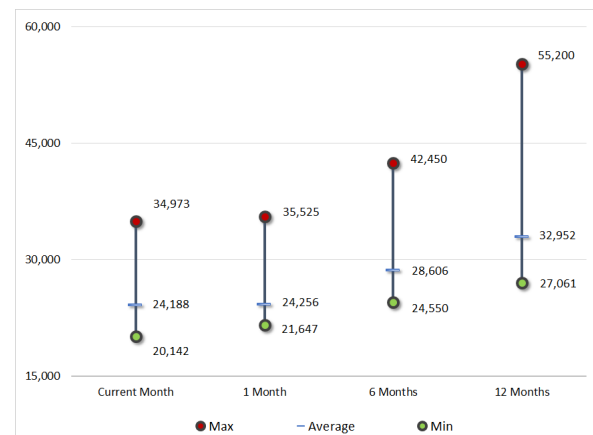
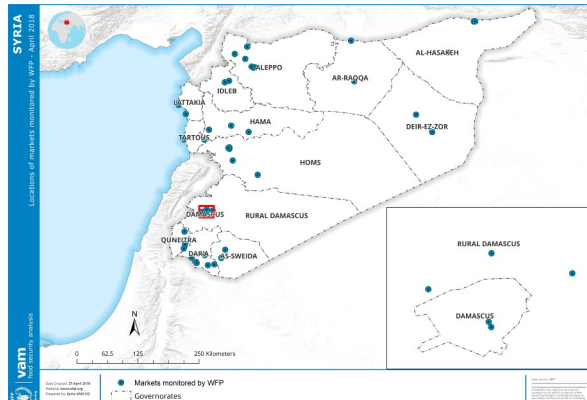


Figure 1: Food Basket Cost and Changes, SYP<sup>1</sup>

Governorate	Price June 2018	1 month change	6 months changes	12 months changes
Aleppo	SYP 22,543	-3%	-23%	-24%
Damascus	SYP 23,389	-1%	-14%	-21%
Dar'a	SYP 23,036	0%	-17%	-17%
Dar'a XB*	SYP 26,974	3%	12%	0%
Deir-ez-Zor	SYP 34,973	-2%	-18%	-37%
Hama	SYP 22,203	-1%	-20%	-30%
Al-Hasakeh	SYP 20,142	-7%	-18%	-26%
Homs	SYP 22,925	-1%	-18%	-23%
Lattakia	SYP 22,956	2%	-7%	-24%
Ar-Raqqa	SYP 23,913	-2%	-29%	-44%
Rural Damascus*	SYP 23,587	-1%	-11%	-20%
As-Sweida	SYP 23,025	2%	-13%	-30%
Tartous	SYP 23,285	2%	-7%	-26%
Quneitra	SYP 23,801	-4%	-16%	-15%
Quneitra XB**	SYP 25,869	8%	-2%	-11%
Idleb XB**	SYP 24,381	0%	-18%	-32%
Average	SYP 24,188	0%	-15%	-27%

Map 1: Location of markets monitored by WFP



\*XB: Areas supported through cross-border humanitarian interventions

1 Eastern Ghouta is not included in the calculation of the national average

2 The standard food basket is a group of essential food commodities. In Syria, the food basket is set at a group of dry goods providing 1,930 kcal a day for a family of five during a month. The basket includes 37 kg bread, 19 kg rice, 19 kg lentils, 5 kg of sugar, and 7 kg of vegetable oil

## Opposition held areas (XB)

In June 2018 hostilities intensified between pro-government forces and opposition military groups in southern Syria. Prices in these areas had already started increasing over the past few months, however the recent increase in fighting has inflated prices further. Idleb XB had also seen an increase in prices over 2017 linked to the intensified pressure from Turkish supported forces in northern Syria. The XB areas are not officially linked to Syrian general supply routes and therefore prices in these areas tend to be higher than in Syria.

## Food basket

Except for Deir-ez-Zor, Dara XB and Quneitra XB had the highest food basket prices in June. The average food basket price was SYP 26,974 in Dara XB which is 12 percent above the national average. At the same time, the price was seven percent higher than the national average in Quneitra XB at SYP 25,869.

## Bread

The retail price of non-subsidized bread in the three XB areas has been above the national average every month since 2016 (Chart 2). The average bread price in Idleb XB in 2017 was 112 percent higher than the national average, despite a downward trend starting September 2017. Since March 2018, bread prices in Dar'a XB have increased 23 percent, leaving the three cross-border areas at similar price levels in June where bread is slightly more expensive in Quneitra XB at SYP 238, followed by Dar'a XB and Idleb XB where a bundle of bread (1.3kg) was SYP 228 and SYP 225 respectively.

## Diesel

Retail diesel prices per litre remain volatile in XB areas since 2016. The price fluctuated between extremes of SYP 300 (January 2016) and SYP 450 (December 2018) in Dar'a XB, SYP 168 (April 2016) and SYP 488 (May 2016) in Idleb XB, and SYP 325 (May-July 2017) and SYP 450 (December 2017) in Quneitra XB.

In the XB areas of Dar'a and Quneitra, the prices have been similar over the past year including an increase of around 29 percent the past month. Since March, the diesel prices per litre in Idleb XB have fallen from SYP 454 to SYP 209, equalling a fall of 54 percent (Chart 3).

## Butane gas

Despite the relative stability in the national average price of butane gas, which is used by households for cooking, prices of gas have been both high and volatile in XB areas since 2017. Idleb XB saw a price spike in March (SYP 11,567), where the price was three times as high as the national average. Though there is a general falling trend, the average prices in XB areas are still 60 percent above the national average.

## Daily wage

Since early 2016, the daily wage for unskilled labour has been lower than the national average in Quneitra XB and Dar'a XB, while the average daily wage was higher in Idleb XB until March 2018. In June 2018, the figures for the three areas are similar, averaging at SYP 1,616 which is 19 percent lower than the national average of SYP 1,990.

Chart 2: Retail prices of bread in XB areas vs. national average, SYP

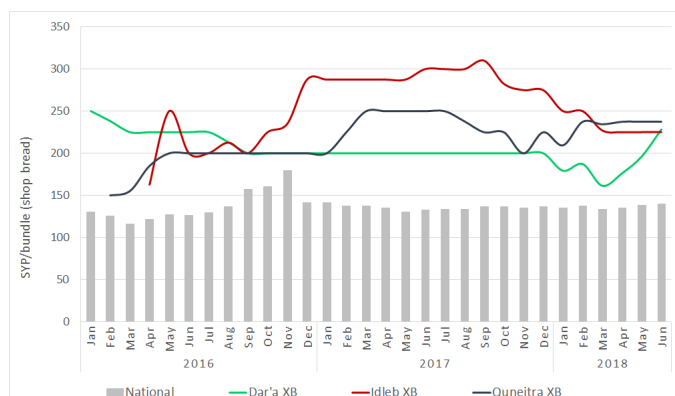


Chart 3: Retail prices of diesel in XB areas vs. national average, SYP

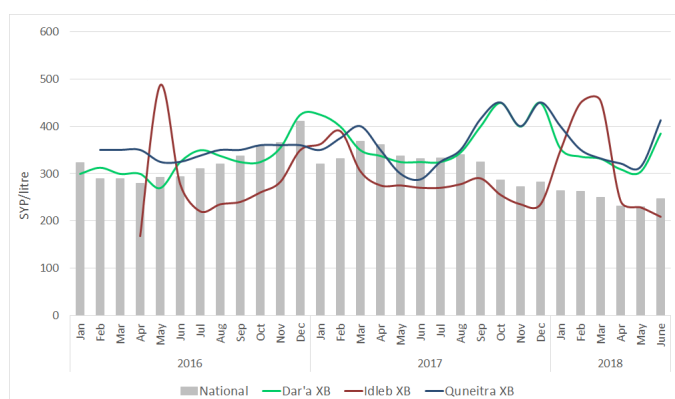


Chart 4: Retail prices of butane gas in XB areas vs. national average, SYP

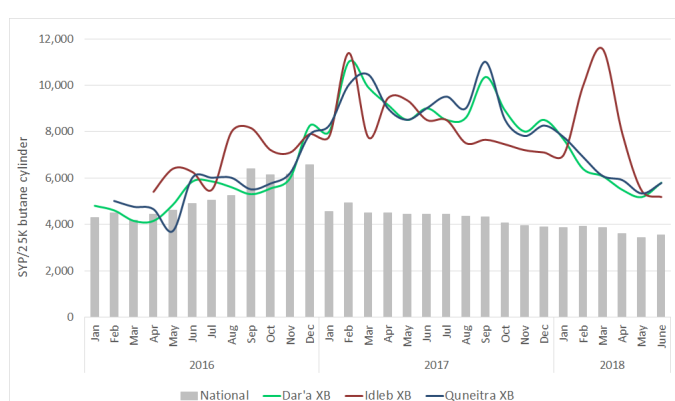
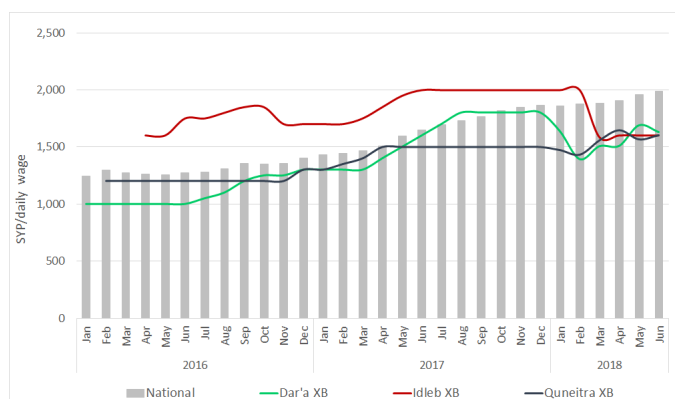


Chart 5: Daily wage for unskilled labour in XB areas vs. national average, SYP



Source: WFP Field Offices

## Retail Prices

### Retail prices of staple cereals

In June 2018, the national retail price of wheat flour across Syria's main markets was recorded at SYP 212/kg, the price of rice was SYP 453/kg while one kg of bulgur was sold at SYP 275. Only rice saw a m-o-m (month-on-month) increase of one percent. Looking further back, the price of wheat flour has decreased by 14 percent since December 2017. In the same period the price of rice fell by seven percent while the price of bulgur dropped by 20 percent.

Comparing the prices according to accessibility shows higher fluctuations. In accessible areas two percent decreases in wheat flour and bulgur prices were reported while the rice prices decreased by one percent. At the same time, hard-to-reach areas reported a fall of four, five and six percent in m-o-m wheat flour prices, bulgur prices, and rice prices respectively. Opposition-held cross-border areas (XB) reported a m-o-m increase of three percent in wheat flour prices and an increase of two percent in rice prices while bulgur increased by six percent. For all three commodities, the prices in hard-to-reach areas are the highest.

At governorate level, Deir-ez-Zor faced highest reported prices in Syria across many important food commodities in June, namely wheat flour selling at SYP 282/kg, rice at SYP 675/kg, sugar at SYP 496/kg, oil at SYP 833/litre and bulgur at 325/kg. The highest prices for tomatoes were reported in Idleb XB (SYP 408/kg).

The lowest prices by governorate were reported from Idleb XB for wheat flour (SYP 167/kg) and bulgur (SYP 213/kg), from Quneitra XB for tomatoes (SYP 123/kg), Al-Hasakeh for vegetable oil (SYP 454/litre), As-Sweida for rice (SYP 250/kg) and Quneitra for sugar (SYP 230/kg).

### Bread

The national average nominal retail prices for government subsidized bread (Chart 9) and commercial bread (Chart 10) were SYP 80/bundle and SYP 140/bundle respectively in June. The price of subsidized bread increased by three percent m-o-m while the price of commercial bread increased by two percent m-o-m.

Ten governorates reported public bread price of 50 SYP/bundle (1.3kg), the lowest price in Syria, which is the standard price for government subsidized bread. The highest prices were found throughout the opposition held areas; in Idleb XB the June price was at 200 SYP/bundle, Dar'a XB saw a m-o-m increase of 31 percent to 179 SYP/bundle and in Quneitra XB the price was 127 SYP/bundle after a m-o-m increase of 13 percent.

On average, subsidized bread was found to be cheapest in accessible areas (SYP 52/bundle), followed by hard-to-reach areas (SYP 86/bundle) while XB areas faced the highest average price (SYP 170/bundle). This represents a decrease of eight percent m-o-m in hard-to-reach areas and a 16 percent increase m-o-m in XB areas. In accessible areas the price remained stable.

In June, the price of commercial bread was SYP 104/bundle in accessible areas, SYP 173/bundle in hard-to-reach areas and SYP 230/bundle in XB areas. This represents a one percent increase y-o-y (year-on-year) for accessible areas, a 33 percent increase y-o-y for hard-to-reach areas, and a 12 percent decrease y-o-y for XB areas.

Chart 6: Retail Prices of Wheat Flour Retail, SYP

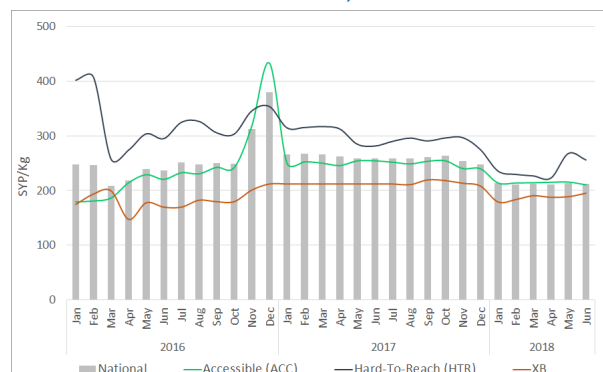


Chart 7: Retail Prices of Rice, SYP

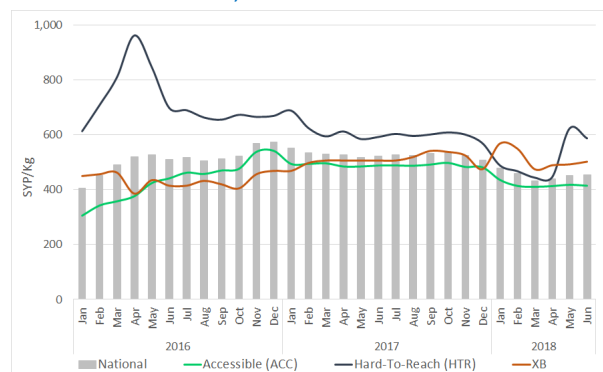


Chart 8: Retail Prices of Bulgur, SYP

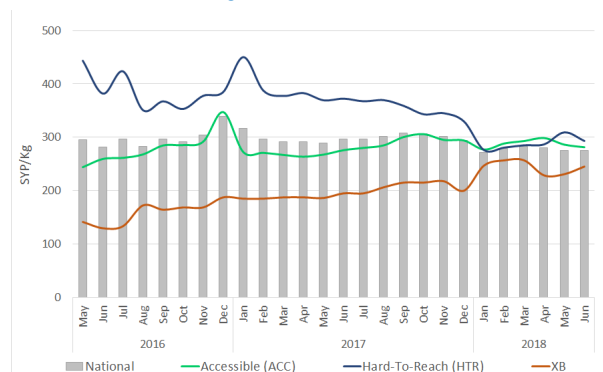


Chart 9: Retail Prices of Subsidized Bread, SYP

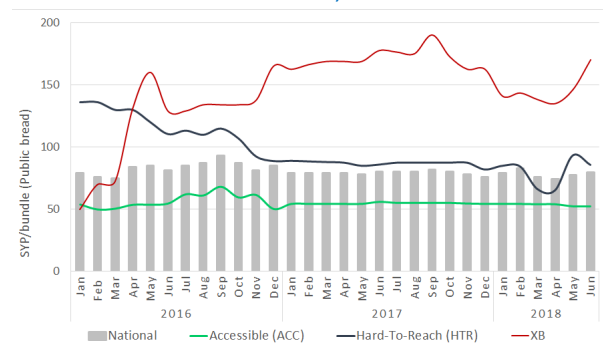
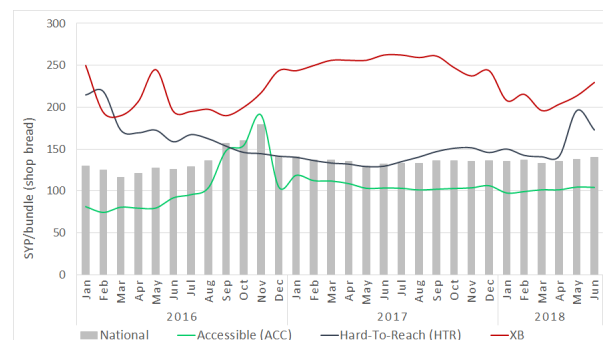


Chart 10: Retail Prices of Commercial Bread, SYP



## Diesel and butane gas

After increasing by eight percent m-o-m, the national retail price of diesel averaged at SYP 248/litre in June 2018. This is the second consecutive month of increasing diesel prices after more than one year with a falling trend.

Accessible areas averaged SYP 219/litre of diesel, hard-to-reach areas averaged SYP 221/litre and XB areas averaged SYP 348/litre. The highest price of diesel was in Quneitra XB (SYP 413/litre), followed by Dar'a XB (SYP 385/litre), and As-Sweida (SYP 350/litre), while the lowest price continues to be in Ar-Raqqa (SYP 70/litre). In June, the price of diesel in hard-to-reach areas increased by 25 percent and opposition-held areas increased by 21 percent m-o-m, while in accessible areas the price increased by one percent. Thus, the national price increases are mainly driven by high increases in hard-to-reach and XB areas.

The national average price for butane gas, which is used for cooking, was SYP 3,530/25k in June after a m-o-m increase of three percent. The price for a 25k cylinder varied widely according to accessibility, where accessible areas had the lowest price of 2,772/25k, hard-to-reach areas averaged SYP 3,871/25k and XB areas averaged SYP 5,634/25k, more than double of the average price in accessible areas. The highest prices were found throughout opposition held areas and specifically in Dar'a XB at SYP 5,795/25k (up 12 percent m-o-m), Quneitra XB at SYP 5,772/25k and Idleb XB at SYP 5,175/25k. The lowest price recorded was 2,700/25k in Hama, Homs, Quneitra and As-Sweida governorates.

## Cereal wholesale prices

In June 2018, the average nominal wholesale price of cereal was SYP 196,014/MT for wheat grain, SYP 226,891/MT for bulgur and SYP 369,392/MT for rice. The overall wholesale prices decreased by one percent for bulgur and rice grains while increasing by three percent for wheat grain compared to May prices.

Using the Syrian Central Bank's official exchange rate of SYP 434 to the US\$ this translates to US\$ 452/MT for wheat grain, US\$ 523/MT for bulgur grain and US\$ 851/MT for rice (Table 1).

## Exchange rates

The black-market exchange rate ranged between SYP 435 (Hama and Homs) and SYP 445 (Quneitra) per US\$ 1 in June 2018. The national average black market exchange rate is SYP 441 to US\$ 1, slightly higher than the official Central Bank rate of SYP 434 (Table 2).

The black-market exchange rate has remained stable. Hence, only minor changes were found in June, namely a two percent increase in Dar'a XB, a one percent increase in Damascus, Lattakia, Rural Damascus, As-Sweida, Tartous, Quneitra and the inaccessible areas of Quneitra and Idleb. Al-Hasakeh was the only area experiencing a minor fall of one percent m-o-m.

Chart 11: Retail prices of diesel, SYP

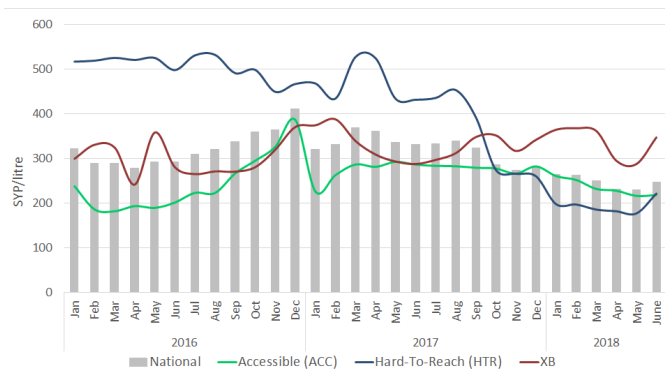


Chart 12: Retail prices of butane cylinder, SYP

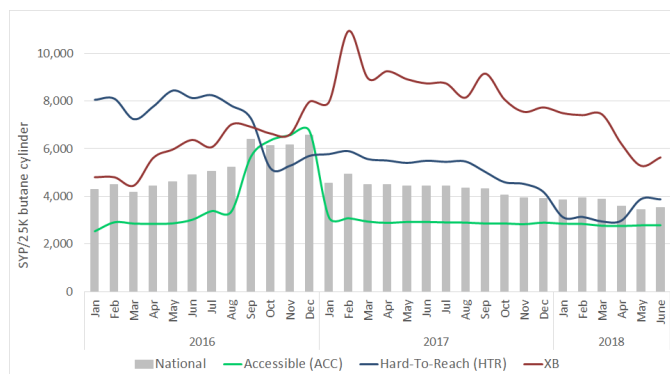


Table 1: National average wholesale prices for wheat, bulgur and rice, SYP and US\$ using official exchange rate, 1 MT

Commodity	June (SYP)	% change (m-o-m)	1MT in US\$
Wheat grain (1MT)	196,014	2.9	452
Bulgur grain (1MT)	226,891	-1.4	523
Rice (1MT)	369,392	-1.4	851

Table 2: Black market exchange rate, 1 US \$ to SYP

Governorate	June 2018	% change (m-o-m)
Aleppo	444	1.4
Damascus	443	0.9
Dar'a	441	0.0
Dar'a XB	442	1.8
Deir-ez-Zor	NA	NA
Hama	435	0.0
Al-Hasakeh	439	-0.9
Homs	435	0.0
Lattakia	441	1.1
Ar-Raqqa	442	0.5
Rural Damascus	442	0.9
As-Sweida	437	0.8
Tartous	443	1.1
Quneitra	445	0.6
Quneitra XB	441	1.0
Idleb XB	444	0.6
National Average	441	0.8
Official Rate	434	0.0

Source: WFP Field Offices

## Terms of Trade (ToT)<sup>4</sup>

### ToT between wage labour and wheat flour

In June 2018, the national average daily wage for non-skilled workers was SYP 1,990 (US\$ 4.6). As shown in Chart 13, this continues an upward trend, the national average daily wage increased by two percent m-o-m, by seven percent since December 2017 and by 21 percent y-o-y.

The increase in non-skilled wage rates has been constant across most of Syria apart from XB areas where non-skilled wage rates have decreased slightly (one percent). On the other hand, non-skilled wage rates in hard-to-reach areas have increased by 37 percent compared to December 2017 and by 57 percent y-o-y.

In ToT the national average daily wage of an unskilled labourer could buy 9.4kg of wheat flour on the market in June 2018, representing a two percent increase m-o-m (Chart 14). Results, however vary by the area's accessibility status. Accessible markets showed that 9.8kg of wheat flour could be bought for a daily wage, compared to 8.9kg of wheat flour in hard-to-reach areas and 8.3kg of wheat flour for XB areas. All areas except for XB areas (one percent decrease) have seen a high y-o-y increase in ToT for wheat flour vis-à-vis casual wage. Accessible areas increased by 44 percent and hard-to-reach areas increased by 73 percent, highlighting slightly increased purchasing power over time.

### ToT between sheep and wheat flour

The national average price of a two-year old male sheep was SYP 92,071. The price increased by five percent m-o-m but decreased by nine percent compared to December 2017 and by 16 percent y-o-y. The national average ToT between a sheep and wheat flour was 434 kg/sheep which is six percent higher m-o-m, showing that the price for a two-year old sheep increased compared to the price of wheat flour. The ToT between wheat flour and sheep was highest in accessible areas (475 kg/sheep), while it was lower than the national average in opposition held areas at 402 kg/sheep and at 281 kg/sheep in hard-to-reach areas. All areas experienced an increase m-o-m from one percent in XB areas and seven percent in accessible areas to 29 percent in hard-to-reach areas.

## International market prices

Chart 16 shows the international trends in food and cereal prices monitored by FAO. In June 2018, the Food Price Index averaged 173.7 points while the Cereal Price Index averaged 166.2 points. Both indices showed a m-o-m downward trend (one and four percent respectively) after having increased since the end of 2017.

Meanwhile, the wholesale wheat grain prices on local markets averaged US\$ 437/MT, up two percent m-o-m. In comparison, the wholesale price of wheat on international markets was US\$220/MT in June 2018, around half the price of wholesale wheat in Syria.

Chart 13: Non-skilled wage labour rates in Syria, SYP

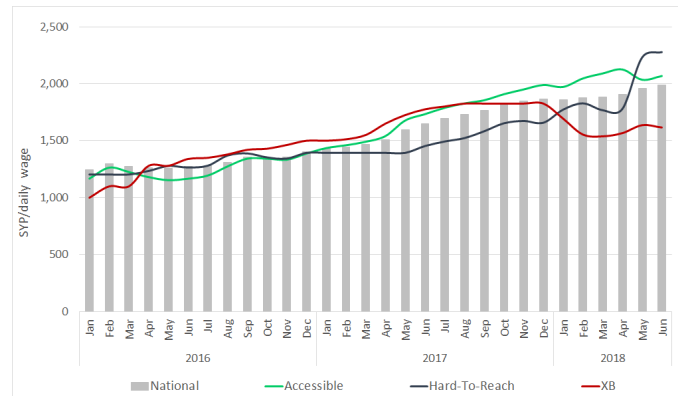


Chart 14: Terms of Trade (ToT) between wheat flour and wage labour

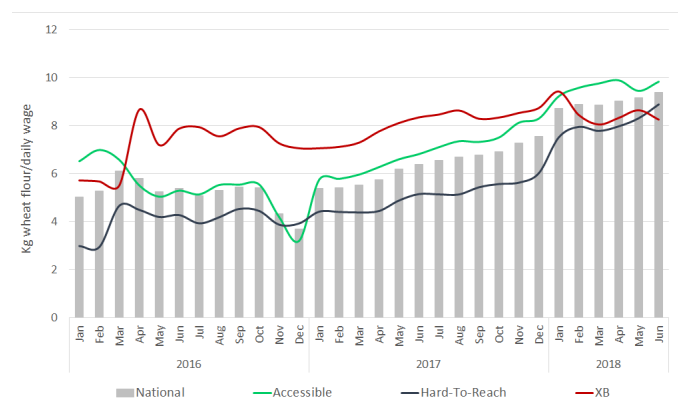
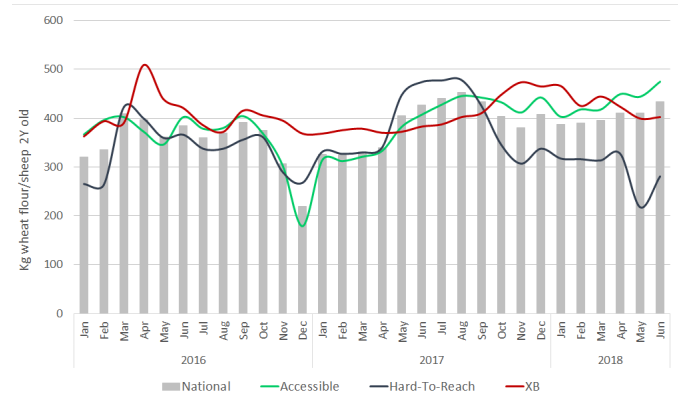
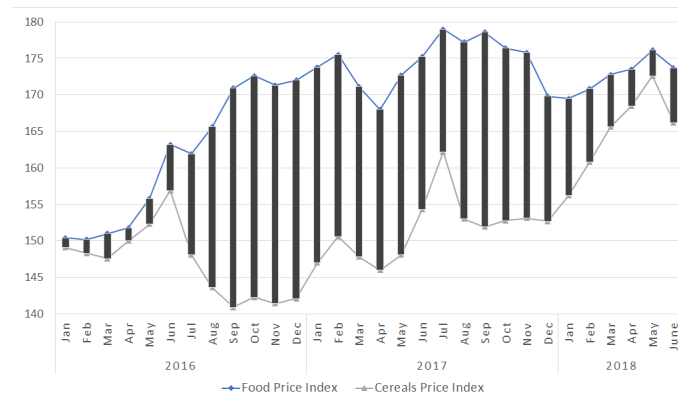


Chart 15: Terms of Trade (ToT) between wheat flour and the price of a 2Y old sheep



Source: WFP Field Offices

Chart 16: Trends of food and cereals price indices



Source: FAO

4. The ToT are proxy indicators of the purchasing power of households that rely on livestock and/or casual labour as their main source of income for the purchase of cereals from local markets. ToT are important components of food security analysis. Changes in the terms of trade between wages/livestock and staple food commodities are indicative of the trends in purchasing power and the impact on the food security situation of households dependent on food purchases through income from daily wage labour and/or the sale of livestock.



