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Highlights

The national average black market exchange rate increased to SYP 481/1 USD, marking the highest increase in 2018 (up 4.5 percent). Meanwhile, the official exchange rate remains stable at SYP 434/1 USD, leaving the black market exchange rate 11 percent higher than the official rate.

The average price of a standard food basket seems to have stabilised around SYP 23,300. This development is mainly due to prices converging across governorates. In the formerly besieged areas of Rural Damascus and Deir-ez-Zor the food basket prices are down by 77 percent and 40 percent respectively since November 2017.

The price gap between the cheapest and most expensive food basket is down by 94 percent compared to November 2017.

Wheat flour prices continue to increase, negatively affecting the Terms of Trade between wheat flour and daily wages.

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Standard Food Basket

In November 2018, the national average price of a standard food basket¹ remained around the same level as in October (SYP 23,334 vs. SYP 23,291).

Across Syria, mainly small month-on-month (m-o-m) changes in food basket prices were reported. Lattakia and Tartous saw the largest decreases at nine percent and eight percent respectively. In the same period, Aleppo experienced an increase in its average food basket price of five percent and Homs by 10 percent (Figure 1).

Al-Hasakeh continues to report the cheapest average food basket at SYP 20,605 followed by Damascus, Lattakia, As-Sweida, Tartous and Quneitra which have similar levels (around SYP 22,000-22,500 per basket). At SYP 26,300, Deir-ez-Zor continues to face the highest food basket prices across Syria.

Compared to May 2018 (6 months ago), food basket prices have decreased across seven governorates and remained stable in three governorates. Deir-ez-Zor experienced the largest decrease of 24 percent. Meanwhile, prices in Homs and Hama increased by 16 percent and 12 percent respectively.

The year-on-year (y-o-y) trend shows that prices across all Syrian governorates have decreased between five and 77 percent. Furthermore, the price gap between the cheapest and most expensive food basket has decreased by 94 percent compared with November 2017. This is mainly due to a drop in food basket prices in Rural Damascus.

Chart 1: National min., max. and average cost of food basket, SYP

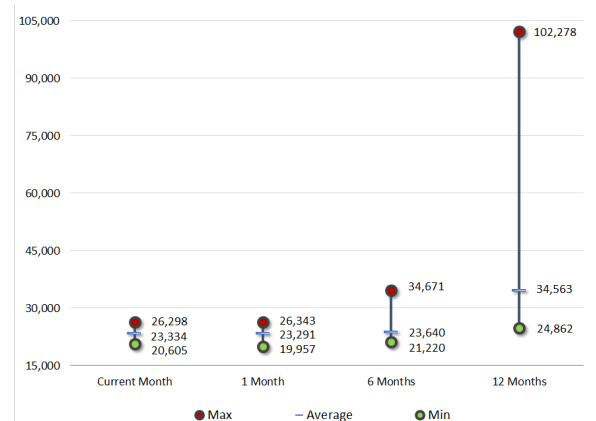
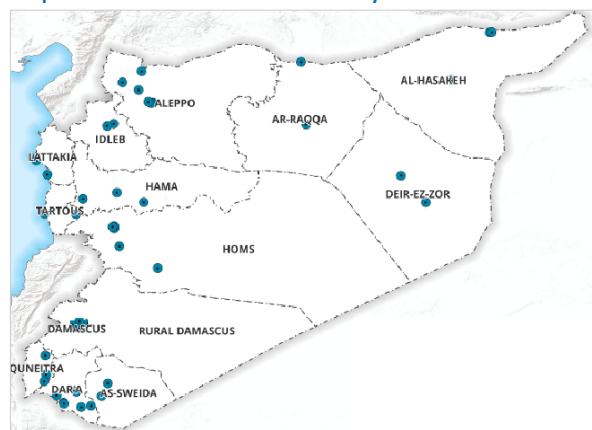


Figure 1: Food basket cost and changes, SYP

Governorate	Price November 2018	1 month change	6 months changes	12 months changes
Aleppo	SYP 23,320	5%	3%	-21%
Damascus	SYP 22,200	-3%	-5%	-19%
Darfa	SYP 23,725	0%	-3%	-8%
Deir-ez-Zor	SYP 26,300	0%	-24%	-40%
Hama	SYP 24,555	1%	12%	-9%
Al-Hasakeh	SYP 20,605	3%	-3%	-17%
Homs	SYP 26,225	10%	16%	-5%
Idlib	SYP 23,225	0%	3%	-21%
Lattakia	SYP 22,345	-9%	1%	-11%
Ar-Raqqa	SYP 23,330	0%	-2%	-41%
Rural Damascus	SYP 23,470	2%	0%	-77%
As-Sweida	SYP 22,110	0%	0%	-17%
Tartous	SYP 22,460	-8%	0%	-19%
Quneitra	SYP 22,815	3%	-3%	-17%
Average	SYP 23,335	0%	-1%	-32%

Map 1: Location of markets monitored by WFP



¹ 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 litres of vegetable oil

Overview of official and informal exchange rates (SYP/USD)

Official exchange rate

Since April 2013, the official exchange rate between Syrian Pounds and US Dollars has been fluctuating between SYP 117/1 USD (April 2013) and SYP 575/ 1 USD (May 2016), leaving the Syrian Pound in May 2016 worth around one-fourth of its April 2013-level. The trend has been predominantly increasing, with a steady increase in the period between January 2014 and May 2016. Translating into a loss of purchasing power of the Syrian Pound vis-à-vis the US Dollar, hereby increasing the price of imported commodities in Syria.

In the period from August 2016 to September 2017, the exchange rate was stable at SYP 515/1 USD. In late-November 2017, it dropped and stabilised at the current level of SYP 434/SYP, almost one-third of its value in April 2013 (Chart 2), highlighting greater fiscal control of the official exchange rate by the Syrian Government.

Black market exchange rate

During 2018, the national average black market exchange rate between Syrian Pounds and US Dollars has been fluctuating between SYP 437/USD (May 2018) and SYP 481/USD (November 2018). After a decreasing trend between January and May, the exchange rate started increasing by August and the new high level reported in November marks the highest m-o-m increase (five percent) in 2018. This is 11 percent higher than the official rate in November 2018. Compared to May 2018, the national average exchange rate is up by ten percent, while it is four percent higher than in January 2018.

Across accessibility levels, the black market exchange rate was highest in Idleb at SYP 485/1 USD (up four percent m-o-m). Accessible areas followed the national average rate at SYP 481/1 USD while the rate was just below the national average in hard-to-reach areas (SYP 479/1 USD).

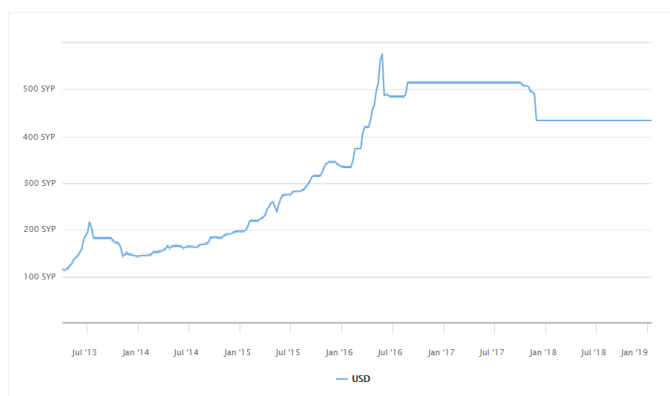
Compared to the low level in May 2018 (6 months ago), the black market exchange rate is up by ten percent in both Idleb and accessible areas (from SYP 441/1 USD and SYP 437/1 USD respectively). Hard-to-reach areas saw a similar increase during the past six months (up nine percent).

When comparing to January 2018, the black market exchange rates are up by four percent in accessible areas and Idleb while the increase in hard-to-reach areas was three percent (Chart 3).

Across governorates, the highest m-o-m increase was found in As-Sweida (up nine percent) followed by Homs and Quneitra (up six percent). Hama reported the lowest increase at two percent.

Also the y-o-y trend is increasing for all governorates across Syria. The highest increase was eight percent in Dar'a, followed by a six percent increase in Homs and five percent in Al-Hasakeh (Table 1).

Chart 2: Official exchange rates, SYP/1 USD



Source: Central Bank of Syria

Chart 3: Overview of exchange rates, January-November 2018, SYP/1 USD

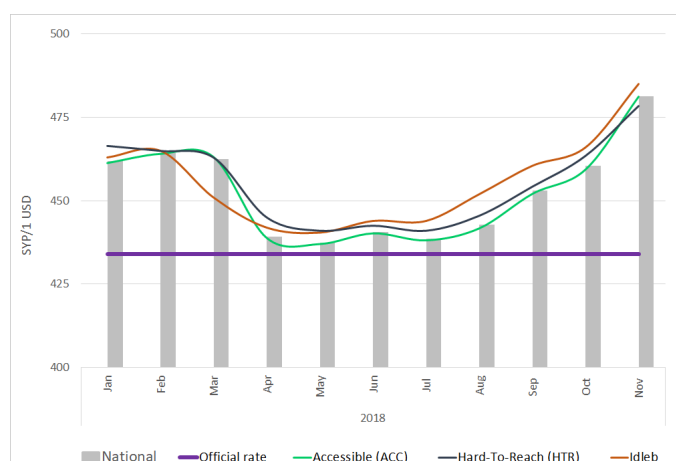


Table 1: Exchange rates, governorate level, SYP/1 USD

Governorate	November 2018	% Change Oct 2018	% Change Jan 2018
Aleppo	484	4.4	4.5
Damascus	485	4.1	4.1
Dar'a	480	4.2	7.7
Deir-ez-Zor	476	2.9	NA
Hama	470	2.0	1.5
Al-Hasakeh	481	3.6	4.9
Homs	490	6.4	6.1
Idleb	485	4.1	4.8
Lattakia	480	4.9	3.0
Quneitra	479	5.7	3.2
Ar-Raqqa	478	2.8	3.4
Rural Damascus	484	4.2	4.4
As-Sweida	482	8.6	1.4
Tartous	485	5.3	4.0
National Average	481	4.5	4.2
Official Rate	434	0	0

Source: WFP Field Offices

Retail Prices

Retail prices of staple cereals

In November 2018, the national retail price of wheat flour across Syria's main markets was recorded at SYP 248/kg (up eight percent), the price of rice was SYP 474/kg (up five percent) while one kg of bulgur was sold at SYP 283 (down three percent). This highlights the second consecutive month of increasing wheat flour prices, driven by price increases in accessible and hard-to-reach areas (up eight percent and five percent respectively).

For all three core commodities, hard-to-reach areas continue to face the highest prices. In November 2018, the prices of bulgur, rice and wheat flour exceeded the national average prices by ten percent, eight percent and four percent respectively in hard-to-reach areas. Despite being at a higher level, hard-to-reach areas have also faced the largest y-o-y price decreases for both rice, wheat flour and bulgur (down 33 percent, 28 percent and 25 percent respectively).

Across the Syrian markets, Hama and Homs faced the highest price of wheat flour at SYP 300/kg after m-o-m increases of 29 percent and 14 percent respectively. High m-o-m increases were also reported in Rural Damascus (up 27 percent) and Lattakia (24 percent). Quneitra was the only governorate where wheat prices decreased compared to October 2018 (down 17 percent). Homs and Deir-ez-Zor faced the highest prices of rice at SYP 550/kg and SYP 538/kg respectively. The m-o-m increase of 21 percent in Homs was only exceeded by As-Sweida where rice prices increased by 28 percent since October 2018. While most governorates faced increases in prices of wheat flour and rice, the price of bulgur mainly decreased or remained stable since October 2018. As-Sweida faced the highest price (SYP 325/kg) compared to Idleb where one kg of bulgur was sold at SYP 225.

Bread

The national average retail price of government subsidized bread increased slightly to SYP 74/bundle (1.3kg) in November 2018. This was three percent higher than October 2018 and down by 44 percent since November 2017 (Chart 7).

Eight governorates reported the standard sales price for government subsidized bread at 50 SYP/bundle. Idleb continues to face the highest price (SYP 200/bundle) followed by Aleppo (SYP 104/bundle) and Deir-ez-Zor (SYP 94/bundle).

The national average price of commercial bread across the Syrian markets dropped three percent m-o-m to SYP 133/bundle after price decreases in both accessible and hard-to-reach areas (Chart 8).

For the third consecutive month Quneitra reported the lowest price of commercial bread at SYP 65/bundle (down 64 percent since May 2018). Homs, Hama, Lattakia and Tartous reported sales prices of SYP 75/bundle after a m-o-m price drop of 33 percent in Tartous. Despite a two percent price fall in Aleppo, it is still the highest price reported across Syria at SYP 250/bundle. This is followed by Deir-ez-Zor (SYP 200/bundle) and Dar'a (SYP 167/bundle).

Chart 4: Retail Prices of Wheat Flour Retail, SYP

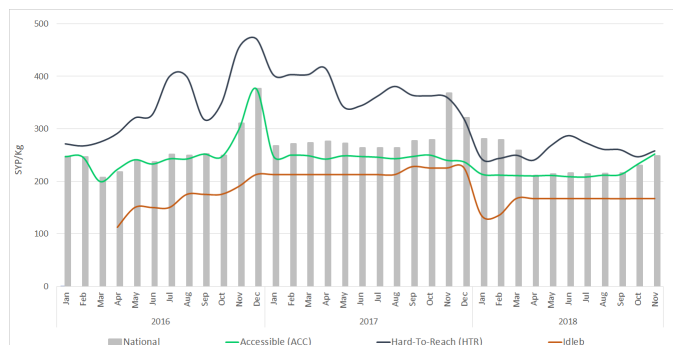


Chart 5: Retail Prices of Rice, SYP

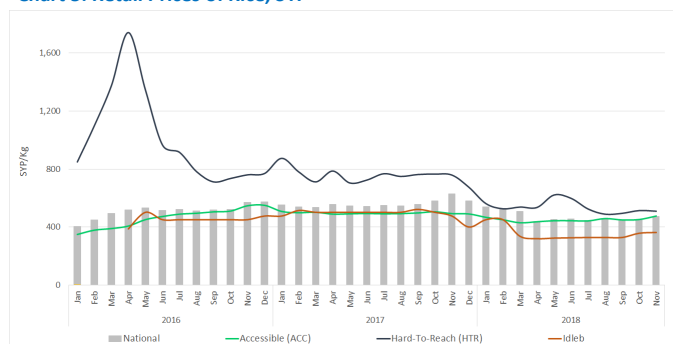


Chart 6: Retail Prices of Bulgur, SYP

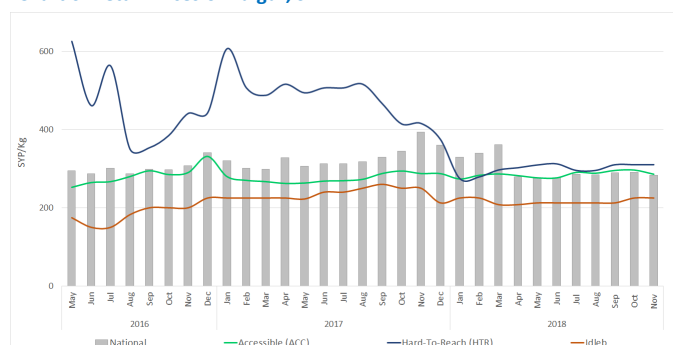


Chart 7: Retail Prices of Subsidized Bread, SYP

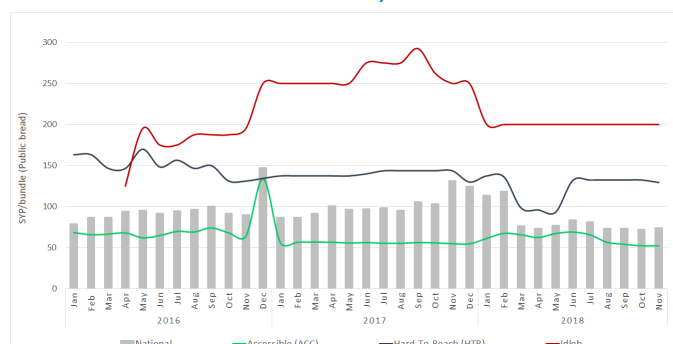
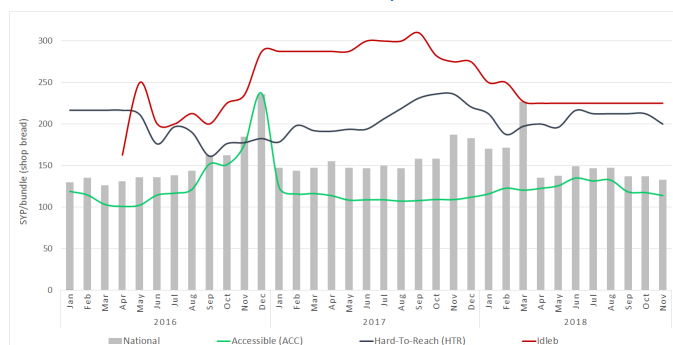


Chart 8: Retail Prices of Commercial Bread, SYP



Diesel and butane gas

In November 2018, the price of diesel increased two percent m-o-m to SYP 224/litre across the Syrian markets. This was almost solely driven by a price increase of 21 percent in Idleb.

The lowest price (SYP 189/litre) was found in hard-to-reach areas which have seen a 40 percent price decrease since November 2017. This is also the main driver for the y-o-y decrease in the average diesel price across Syria of 42 percent (Chart 9).

Ar-Raqqa and Al-Hasakeh continue to report diesel prices well below the national average at SYP 77/litre and SYP 86/litre respectively. At SYP 350/litre, As-Sweida faced the highest price level across Syria at more than four times the price level in Ar-Raqqa.

The national average price of one cylinder refill butane gas remained around the same level in November 2018 (SYP 3,060/25k) compared to October 2018. The price in hard-to-reach areas decreased to SYP 3,906/25k (down five percent m-o-m) while accessible areas saw a one percent decrease to SYP 2,788/25k (Chart 10). Opposite, Idleb reported a two percent m-o-m increase to SYP 4,850/25 which is the highest level reported across Syria. The lowest price was found in Al-Hasakeh at SYP 2,300/cylinder.

Compared to November 2017, the national average gas prices are down by 60 percent, driven by falling prices of 46 percent, 33 percent and 13 percent in hard-to-reach areas, Idleb and accessible areas respectively.

Cereal wholesale prices

In November 2018, the national average wholesale price of cereal increased by three percent for rice (SYP 380,763/MT) and by two percent for wheat grain (SYP 211,938/MT). In the same period, the price of bulgur decreased by two percent for bulgur (SYP 227,820/MT).

Using the Syrian Central Bank's official exchange rate, this translates to US\$ 488/MT for wheat grain, US\$ 516/MT for bulgur grain and US\$ 877/MT for rice.

In 2018, wholesale prices of wheat grain have been increasing steadily, the price of bulgur grain has remained around the same level while rice has seen the most volatile price development of the three commodities. Compared to January 2018, only the wholesale price of wheat flour increased from SYP 188,525/MT, equivalent to a 12 percent increase. For rice and bulgur, wholesale prices decreased five percent and one percent respectively (Chart 11).

International market prices

In November 2018, the Food Price Index continued to decrease to 160.8 points (down 1.7 percent) while the Cereal Price Index decreased to 164.0 points (down 1.4 percent). This highlights the third month since 2016 where the Cereal Price Index is above the Food Price Index, first time being in August 2018 (Chart 12).

Chart 9: Retail prices of diesel, SYP

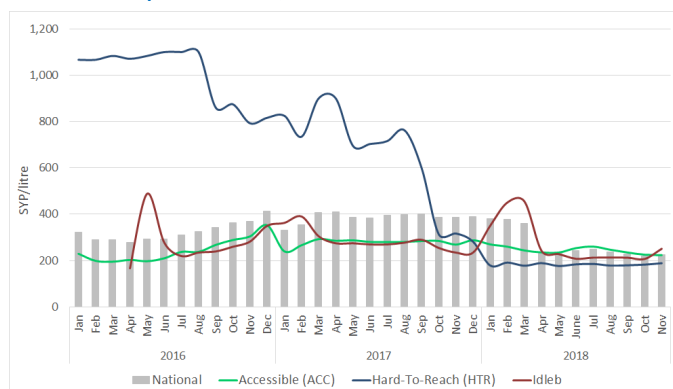


Chart 10: Retail prices of butane cylinder, SYP

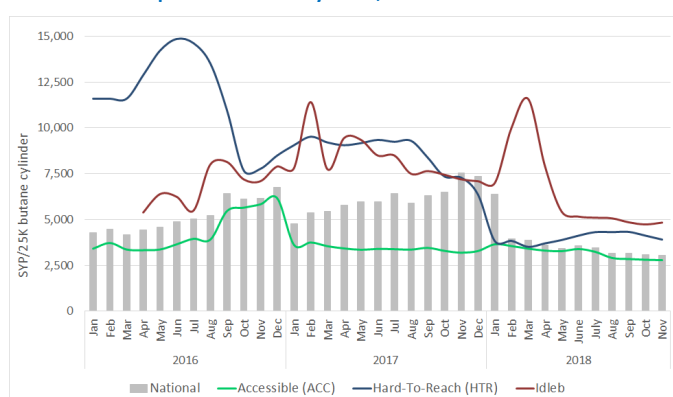
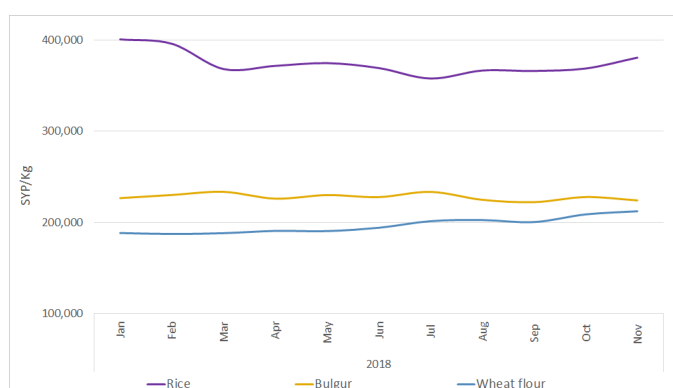
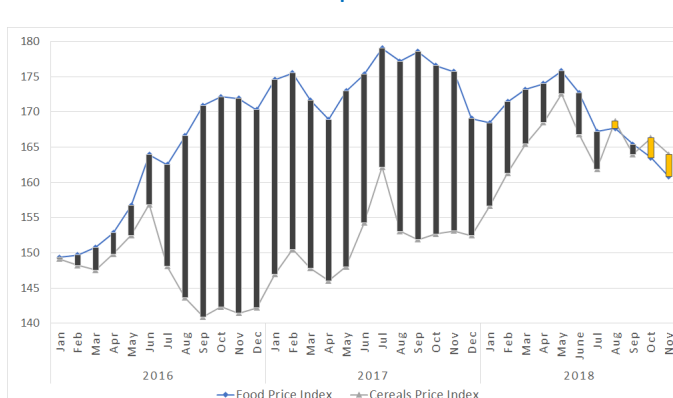


Chart 11: National average wholesale prices for wheat, bulgur and rice, SYP



Source: WFP Field Offices

Chart 12: Trends of food and cereals price indices



Source: FAO

Terms of Trade (ToT)³

ToT between wage labour and wheat flour

The national average daily wage for non-skilled labour continued to increase to SYP 2,088 in November 2018 (up one percent m-o-m). This is in line with the general increasing trend (up 15 percent y-o-y), mainly driven by y-o-y increases of 14 percent in hard-to-reach areas and 11 percent in accessible areas. Contrary to this trend, daily wages in Idleb remained at the same level as in November 2017 while being up 25 percent since May 2018 (Chart 13).

At governorate level, daily wages continue to be highest in Tartous at SYP 3,500/day (up eight percent) followed by Lattakia at SYP 3,000/day (remained stable). Also Homs and Deir-ez-Zor saw high increases in reported wage level of nine percent and seven percent respectively.

The lowest wage level was reported in Al-Hasakeh (SYP 1,155/day) after a one percent m-o-m fall, followed by Dar'a at SYP 1,308/day (remained stable).

Despite the positive trend in the daily wage level, the ToT between wheat flour and wage labour continued to worsen in November 2018. A national average daily wage of an unskilled labourer could buy 8.4 kg of wheat flour, one kg less than in September 2018 (9.4 kg). This negative development in the ToT continues to be caused by the increasing wheat flour prices (Chart 14).

The decreasing purchasing power is mainly driven by accessible areas followed by hard-to-reach areas (down nine percent and four m-o-m respectively). In Idleb, the ToT between wage labour and wheat flour remained stable but with an upward trend (up 23 percent y-o-y).

ToT between sheep and wheat flour

For the third consecutive month, the national average price of a two-year old male sheep decreased, reaching a level of SYP 95,194/sheep. This price is down one percent since October 2018 and two percent y-o-y (Chart 15).

Across Syria, Dar'a continued to report the highest price at SYP 129,333/sheep which is followed by Quneitra at SYP 117,500/sheep, both remaining at a stable level since October 2018.

Despite a four percent m-o-m increase, the price continues to be lowest in Deir-ez-Zor at SYP 54,584/sheep (down 28 percent y-o-y). Also Al-Hasakeh saw low prices of livestock at SYP 57,500/sheep.

In November 2018, the ToT between a two-year old male sheep and wheat flour was 383 kg/sheep compared to 458 kg/sheep when it was highest in August 2018. This development is mainly driven by a fall in ToT in accessible areas of nine percent m-o-m and 16 percent since August 2018. Since October 2018, hard-to-reach areas experienced a decrease of four percent while the ToT in Idleb remained stable (Chart 16).

Chart 13: Daily wage for unskilled labour, SYP

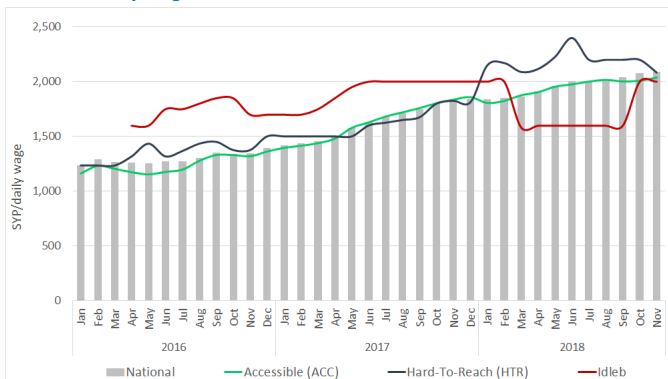


Chart 14: Terms of Trade (ToT) between wheat flour and wage labour

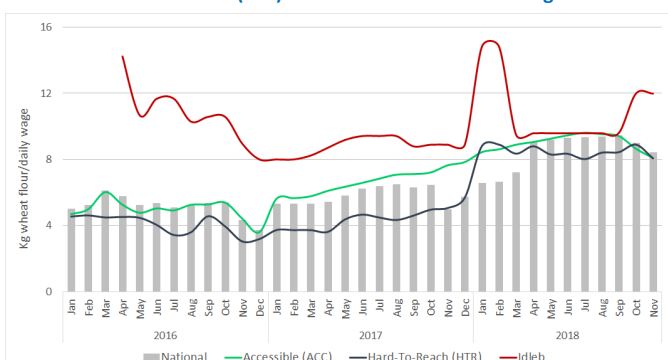


Chart 15: Price of livestock, SYP/one 2Y old sheep

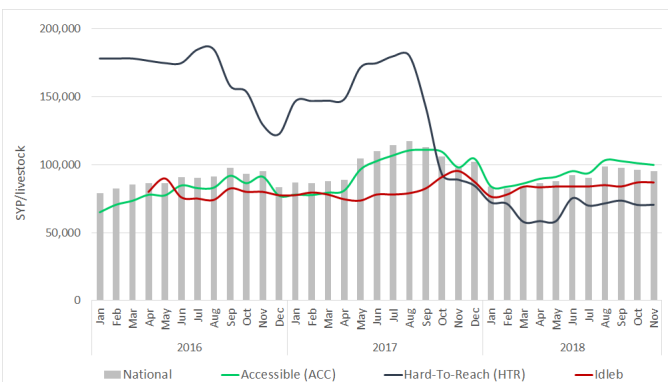
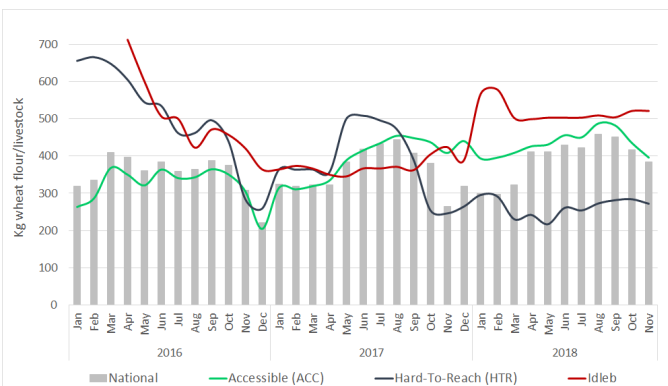


Chart 16: Terms of Trade (ToT) between wheat flour and the price of a 2Y old sheep



Source: WFP Field Offices

3. 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.

