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Highlights

o Butane gas, a key energy source for Syrians used for cooking and heating, remains scarce in Syria. Official market prices of butane gas have increased by 47 percent month-on-month while prices on the informal market remain three to four times the price on the official market.

o The informal national average market exchange rate continues to increase to SYP 502/USD 1, up two percent compared to December 2018. The gap between the official exchange rate and the informal rate is now 15.6 percent compared with a one percent gap in July 2018.

o The national average price of a standard food basket remains stable in January increasing by only one percent compared to December 2018. The national average food basket price has now remained largely unchanged for the past six months and in January was recorded at SYP 23,525 (USD 54 at the official exchange rate).

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Standard Food Basket

In January 2019, the national average price of a standard food basket¹ was SYP 23,525, increasing by 1 percent month-on-month (m-o-m), remaining stable over the past six months. In July 2018 the national average standard food basket price was SYP 23,682.

Smaller month-on-month (m-o-m) changes in food basket prices were reported across Syrian governorates. Lattakia reported an increase of six percent while Hama and Homs saw increases of four percent and Ar-Raqqa reported an average increase of three percent. In Rural Damascus, Aleppo and Deir-ez-Zor average food basket prices decreased by two percent m-o-m (Figure 1).

For the first time since March 2017 Al-Hasakeh is not reporting the lowest average food basket price in Syria, which is now being reported in Damascus at SYP 21,630 followed by Al-Hasakeh at SYP 21,725 and Aleppo at SYP 21,790. At SYP 26,455, Deir-ez-Zor continues to report the highest average food basket price across Syria.

Compared to July 2018, the largest decreases in food basket prices were registered in Deir-ez-Zor (down 13 percent), Lattakia and Quneitra (both down nine percent). While prices in Hama, Al-Hasakeh and Homs increased by 12 percent, 11 percent and nine percent respectively.

The year-on-year (y-o-y) trend shows that prices across the Syrian governorates have by and large all decreased. With the largest reduction (-70 percent) in Rural Damascus due to the East Ghouta crisis. Increase in prices are reported in Deir-ez-Zor (10 percent), Hama (eight percent) and Homs (six percent).

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

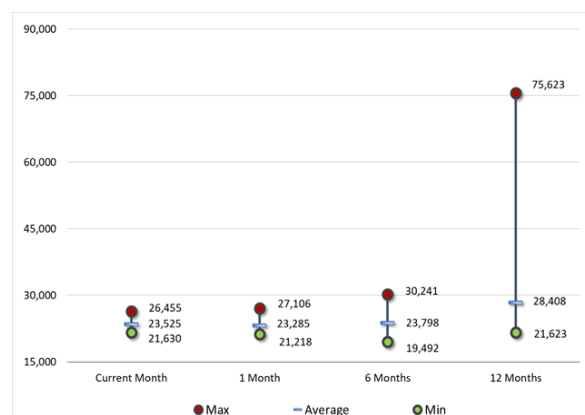
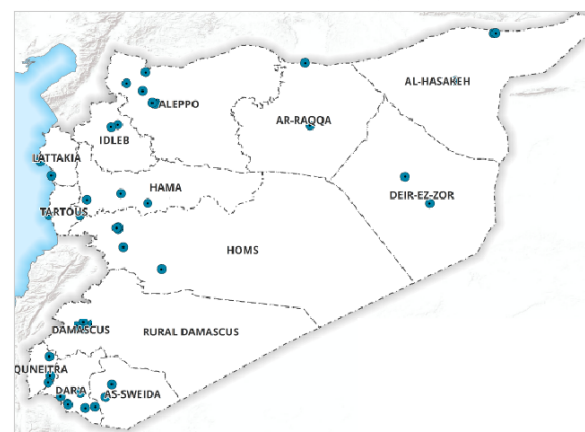


Figure 1: Food basket cost and changes, SYP

Governorate	Price January 2019	1 month change	6 months change	12 months change
Aleppo	SYP 21,790	-2%	-3%	-20%
Damascus	SYP 21,630	-1%	-6%	-16%
Dar'a	SYP 23,940	1%	-4%	-8%
Deir-ez-Zor	SYP 26,455	-2%	-13%	10%
Hama	SYP 25,155	4%	12%	8%
Al-Hasakeh	SYP 21,725	2%	11%	0%
Homs	SYP 24,835	4%	9%	6%
Idlib	SYP 22,980	1%	1%	-9%
Lattakia	SYP 24,335	6%	-9%	-1%
Ar-Raqqa	SYP 24,205	3%	4%	-6%
Rural Damascus	SYP 22,620	-2%	-3%	-70%
As-Sweida	SYP 22,285	0%	1%	-12%
Tartous	SYP 23,965	2%	0%	5%
Quneitra	SYP 23,425	0%	-9%	-11%
Average	SYP 23,525	1%	-1%	-17%

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

Price development in Deir-ez-Zor

The inner-city of Deir-ez-Zor was under siege from the so-called Islamic State of Iraq and the Levant (ISIL) from July 2014 until late-2017. The almost complete lack of access to the governorate made food and non-food commodity prices skyrocket to some of the highest recorded levels across Syria.

The majority of the governorate was recaptured by the Syrian Army and Kurdish armed forces by end October 2017 through heavy fighting against ISIL, triggering large-scale civilian displacements within the governorate. By October 2017, Deir-ez-Zor city was fully recaptured from ISIL and a flow of returnees started to return to the city.

While large swathes of the governorate have been recaptured, ISIL is still present in the governorate's southern district of Abu Kamal with active fighting taking place in Baghuz city and its surroundings. Access to Deir-ez-Zor governorate remains limited and even though prices of many commodities are falling they continue to be at higher than national average levels.

Food basket prices

The conflict has heavily affected prices of key food commodities in Deir-ez-Zor governorate, and especially until April 2017 prices were high and volatile (Chart 2). Since April 2017, prices started to drop and in 2018 they became close to the national average.

The highest price was seen in April 2016, where the price of a standard food basket reached SYP 121,800, almost four times higher than the national average price at that time (SYP 32,490). Since then, the price has fallen by 78 percent until January 2019, where it was SYP 26,455. Instead in Almayadin, in rural Deir-ez-Zor, the price of a standard food basket rose for most of 2017 due to intense fighting in the area and for much of 2018 has been volatile. Since June 2018 prices peaked at SYP 42,516 and have started to steadily decrease (-33 percent) to SYP 28,529 in January 2019.

Livestock

The average governorate price of livestock in Deir-ez-Zor was at a very high level throughout 2016 and 2017 until it dropped dramatically in September 2017. Within five months, the average price of a two-year old male alive sheep dropped by 81 percent from its highest level in August 2017 (SYP 257,500) to the lowest level in January 2018 (SYP 50,000). During 2018, the price has remained stable around SYP 50,000/sheep and is currently at SYP 60,000/sheep (Chart 3). In Almayadin livestock prices have stayed constant around SYP 60,000/sheep for most of 2016 and 2017 and in 2018 they dropped further to SYP 50,000/sheep but have recently risen again and are now SYP 53,333/sheep, which is the cheapest price per sheep recorded in Syria.

Price of tomatoes

The price of tomatoes is a proxy price for vegetables. For most of 2017 Deir-ez-Zor governorate had very high prices for tomatoes (around 470 percent above the national average) due to Deir-ez-Zor city's siege. However ever since the end of the siege prices of tomatoes have dropped and they are now around 33 percent below the national average. In Almayadin the price of tomatoes was on average around SYP 550/kg in 2017, about 83 percent above the national average. However, prices dropped in early 2018 and are now SYP 250/kg, 33 percent below the national average of SYP 375/kg (Chart 4).

Chart 2: Food basket prices, national average vs. Deir-ez-Zor gov. and Almayadin district average prices

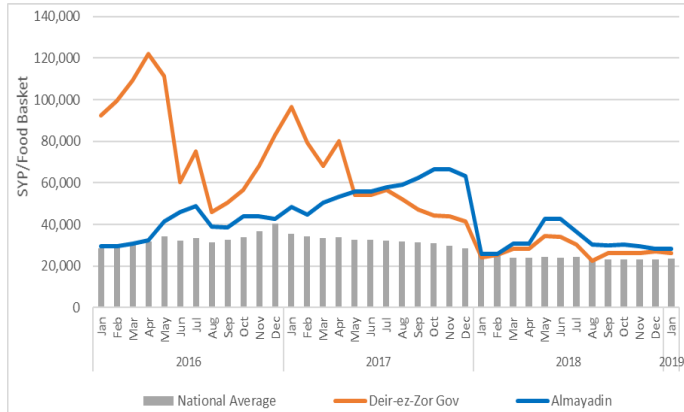


Chart 3: Prices of livestock, national average vs. Deir-ez-Zor gov. and Almayadin average

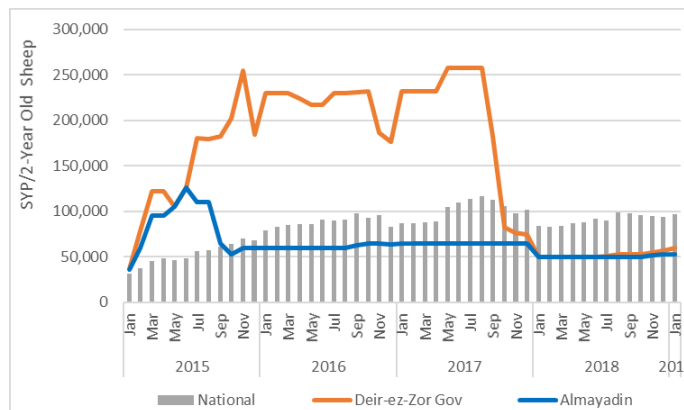
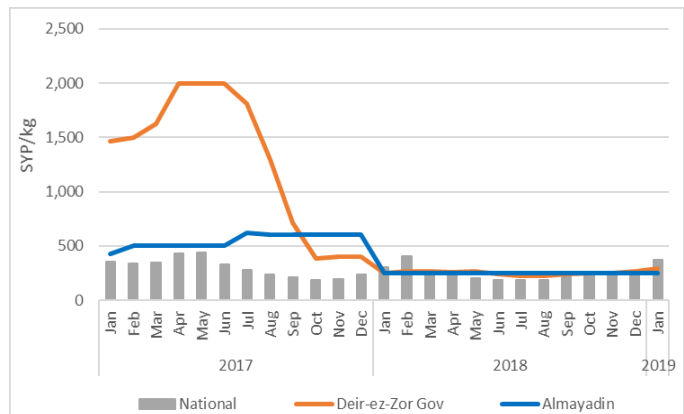


Chart 4: Price of tomatoes, national average vs. Deir-ez-Zor gov. and Almayadin average



Source: WFP Field Offices

Retail Prices

Retail prices of staple cereals

In January 2018, the national average retail prices of wheat flour and Egyptian white rice across Syria's main markets remained unchanged at SYP 262/kg, and SYP 470/kg, respectively. While one kg of bulgur was sold on average at SYP 304, up five percent m-o-m.

Hard-to-reach areas continue to face the highest prices for rice at SYP 510/kg (down three percent m-o-m) while accessible areas for the second month in a row continue to report the highest prices of wheat flour and bulgur at SYP 268 and SYP 312 respectively. Compared to January 2018, accessible areas saw the largest increase in bulgur prices (up 14 percent) and rice (up 1 percent) while Idleb reported the largest increase in wheat flour prices at 31 percent. Idleb also reported the largest decrease in the price of rice/kg at -20 percent (Charts 5-7).

Across the Syrian markets, Lattakia reported the highest average wheat flour price at SYP 323/kg (up three percent m-o-m) followed by Tartous at SYP 315/kg and Dar'a at SYP 293/kg. High m-o-m increases were also seen in As-Sweida (seven percent) and Aleppo (five percent). Hama and Rural Damascus were the only governorates where average wheat flour prices decreased compared to December 2018 (-17 percent and minus two percent respectively).

The price of rice remained highest in Deir-ez-Zor at SYP 546/kg (minus four percent m-o-m) followed by Ar-Raqqa at SYP 532/kg (up four percent) and Quneitra at SYP 514 (unchanged). For bulgur, Homs reported the highest average price at SYP 383/kg (up 10 percent m-o-m) followed by Lattakia at SYP 375/kg (up nine percent m-o-m) and Hama at SYP 370/kg (up 28 percent m-o-m). Idleb and Aleppo reported the lowest average retail prices of bulgur in January at SYP 225/kg and SYP 252/kg, respectively. Both remaining unchanged since December 2018.

Bread

The national average retail price of government subsidized bread decreased by three percent to SYP 70/bundle (1.3kg) in January 2018 compared to December. This was 14 percent lower than the prices reported in July 2018 and down by 38 percent compared to January 2018 (Chart 8).

The national average price of commercial bread across the Syrian markets remained unchanged m-o-m at SYP 129/bundle, 46 percent higher than the average national subsidized bread price (Chart 9).

For the fifth consecutive month Quneitra reported the lowest price of commercial bread at SYP 65/bundle (down 60 percent y-o-y), while the price remained highest in Aleppo at SYP 250/bundle.

Twelve governorates reported stable prices since December 2018, while prices increased by 11 percent in Aleppo and decreased by seven percent in Deir-ez-Zor.

Chart 5: Retail Prices of Wheat Flour, SYP

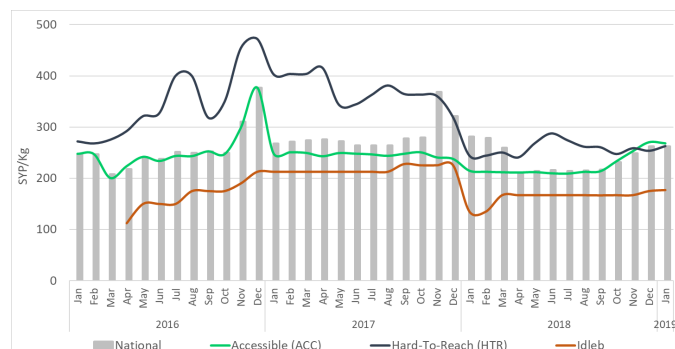


Chart 6: Retail Prices of Rice, SYP

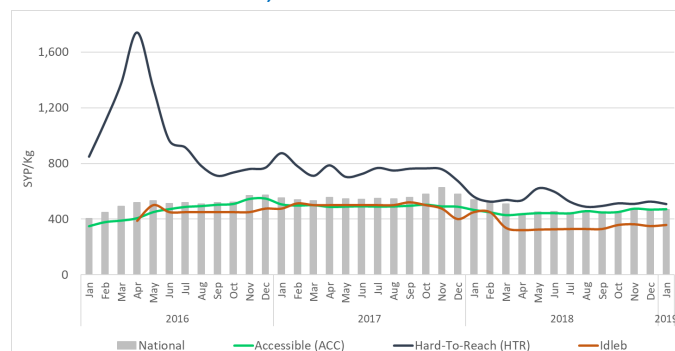


Chart 7: Retail Prices of Bulgur, SYP

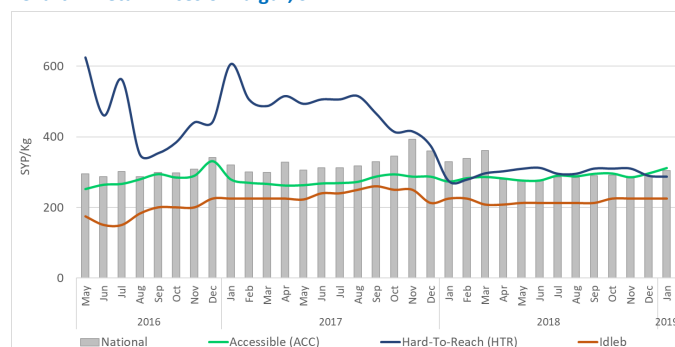


Chart 8: Retail Prices of Subsidized Bread, SYP

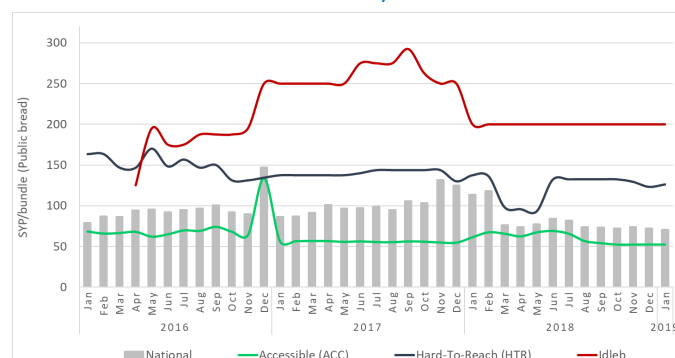
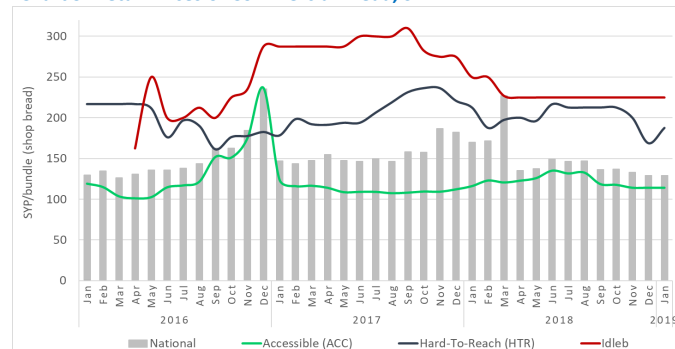


Chart 9: Retail Prices of Commercial Bread, SYP



Butane gas and diesel prices

In January 2019, the national average price of diesel increased by two percent m-o-m to SYP 233/litre. This was almost entirely driven by the price increase of 11 percent in Idleb. The lowest price by accessibility was found in hard-to-reach areas at SYP 213/litre. These areas have seen a 19 percent increase in the retail price of diesel since January 2018 (Chart 10).

Al-Hasakeh and Ar-Raqqa continue to report diesel prices well below the national average at SYP 86/litre and SYP 97/litre, respectively. At SYP 350/litre, As-Sweida continued to report the highest average price of diesel/litre across Syria at more than three times the price level in Al-Hasakeh.

The national average price of one cylinder refill butane gas increased by 47 percent in January m-o-m. This follows a recent two month price hike of butane gas on the informal market due to shortages of gas in the country. Accessible areas are reporting the highest average price of gas at SYP 4,827/refill, up 65 percent m-o-m. Hard-to-reach areas reported an increase of five percent in official prices m-o-m, while Idleb reported a decrease by six percent m-o-m in its official price for butane gas. Butane gas is the main energy source used in Syria for cooking and heating. Due to the more frequent power cuts across the country during the winter months demand for butane gas has increased (Chart 11).

Exchange rates

The official exchange rate between Syrian pounds and US dollars has remained stable at SYP 434 since late-2017. Meanwhile the national average informal market exchange rate has continued to increase to SYP 502/USD 1 in January 2019 (Table 2). Hereby representing a two percent m-o-m increase and the sixth consecutive month of increases in the national average informal market exchange rate across Syria. In July 2018, the informal market exchange rate was close to the official exchange rate (SYP 439 vs. SYP 434). Since then the informal market exchange rate has increased by 14 percent, creating a 15.6 percent difference to the official exchange rate (SYP 502 vs. SYP 434).

Cereal wholesale prices

In January 2019, the national average wholesale price of cereal increased by six percent for Egyptian white rice (SYP 381,990/MT) and by five percent for bulgur grain (SYP 239,985/MT). While the wholesale price of wheat grain remained stable at (SYP 216,753/MT).

Using the Syrian Central Bank's official exchange rate, this translates to US\$ 499/MT for wheat grain, US\$ 553/MT for bulgur grain and US\$ 880/MT for Egyptian white rice (Table 3). In comparison the wholesale price of wheat on international markets was US \$ 216/MT, 57 percent lower than in Syria.

Chart 10: Diesel Price

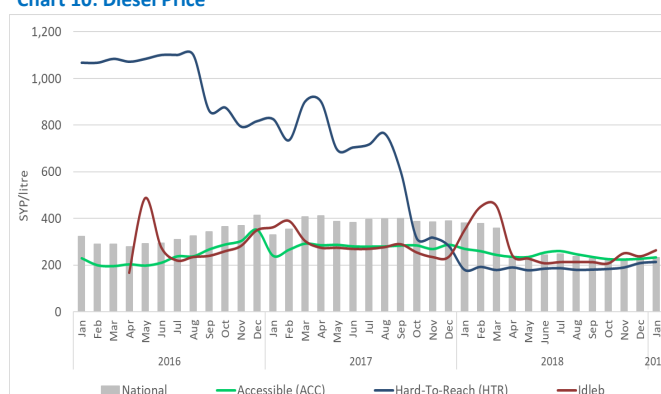


Chart 11: Butane Gas price

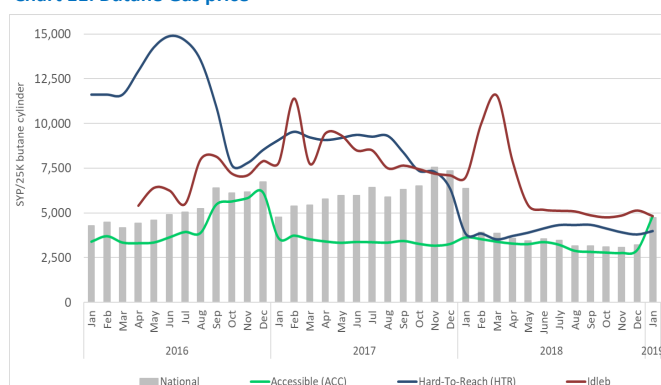


Table 2: Informal market exchange rate, 1 USD to SYP

Governorate	January 2019	% Change Dec 2018	% Change Jan 2018
Aleppo	504	3%	9%
Damascus	500	1%	7%
Dar'a	490	0%	12%
Deir-ez-Zor	500	1%	NA
Hama	511	3%	10%
Al-Hasakeh	499	0%	8%
Homs	510	3%	11%
Idleb	499	2%	8%
Lattakia	501	1%	8%
Quneitra	502	1%	8%
Ar-Raqqa	495	0%	7%
Rural Damascus	500	1%	8%
As-Sweida	496	0%	4%
Tartous	499	1%	7%
National Average	502	2%	9%
Official Rate	434	0%	0%

Table 3: National average wholesale prices for wheat, bulgur and rice, SYP and USD using official exchange rate, 1 MT

Commodity	December (SYP)	% change (m-o-m)	USD
Wheat grain (1MT)	216,753	0	499
Bulgur grain (1MT)	239,985	5	553
Rice (1MT)	381,990	6	880

Source: WFP Field Offices

Terms of Trade (ToT)³

ToT between wage labour and wheat flour

The national average daily wage for non-skilled labour decreased for the first time since July 2018. The national average non-skilled labour wage was SYP 2,096 in January 2019 (down one percent m-o-m). Nevertheless, the rate remained up 14 percent y-o-y and five percent m-o-m (Chart 12).

Daily non-skilled wages continue to be highest in Tartous at SYP 3,500/day (unchanged m-o-m) followed by Lattakia at SYP 3,250/day (up eight percent m-o-m) and were lowest in Al-Hasakeh at SYP 1,142/day (unchanged m-o-m) followed by Dar'a at SYP 1,308/day (unchanged m-o-m) and As-Sweida SYP 1,750/day (unchanged m-o-m). Hama and Aleppo saw increases in the reported wage level of 11 percent and four percent respectively while wages fell by two percent in Deir-ez-Zor. Across the rest of the Syrian governorates, the wage level remained stable compared to December 2018.

The ToT between wheat flour and wage labour continued to worsen in January 2019, driven by the fall in average non-skilled labour wages (Chart 13). A national average daily wage of an unskilled labourer could buy 8 kg of wheat flour (down one percent m-o-m).

According to accessibility levels, the ToT worsened in hard-to-reach areas (down three percent) and Idleb (down one percent) while it increased in accessible areas (up three percent) compared to December 2018. The y-o-y trend shows a 22 percent increase in the national average ToT while reporting a six-month negative trend, down 14 percent driven primarily by a decrease in wheat flour purchasing power in accessible areas, down 20 percent over six months (Chart 11).

ToT between sheep and wheat flour

In January 2018, the national average price of a two-year old male alive sheep decreased slightly to SYP 97,416/sheep (up four percent m-o-m).

Dar'a continued to report the highest price across Syria at SYP 129,333/sheep (unchanged m-o-m) followed by Quneitra at SYP 117,500/sheep (unchanged m-o-m). Deir-ez-Zor and Al-Hasakeh continued to report the lowest prices of a two-year old male alive sheep at SYP 60,000 (up six percent m-o-m) and SYP 61,250 (up three percent m-o-m), respectively. The highest reported m-o-m price increase was 12 percent in Aleppo, ten percent in Lattakia and nine percent in Tartous.

In January 2019, the ToT between a two-year old male alive sheep and wheat flour was 372 kg/sheep (up four percent m-o-m). After four months of consecutive decreases, January 2019 reported a general increase. The increase is largely driven by higher sheep prices in accessible areas (Chart 15).

Chart 12: Daily wage for unskilled labour, SYP

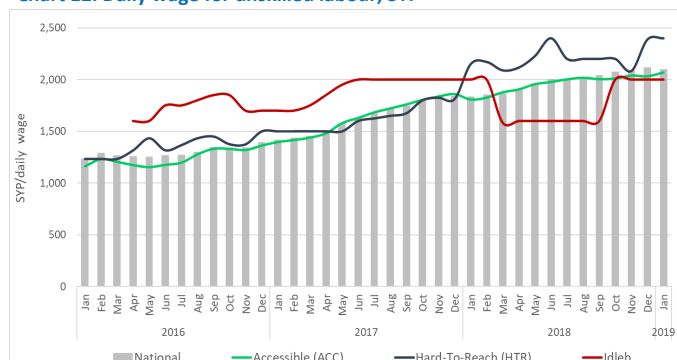


Chart 13: Terms of Trade (ToT) between wheat flour and wage labour

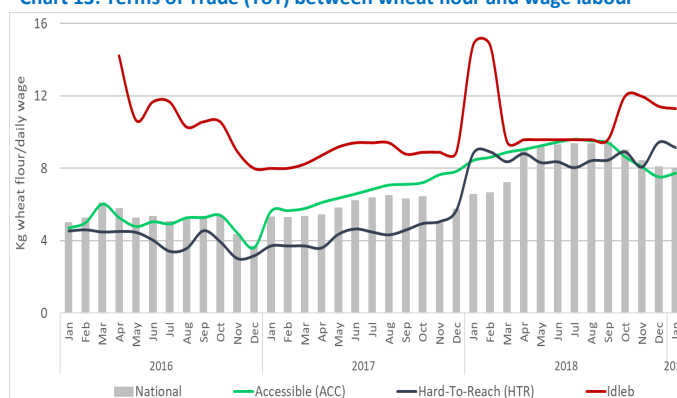


Chart 14: Price of livestock, SYP/one 2Y old sheep

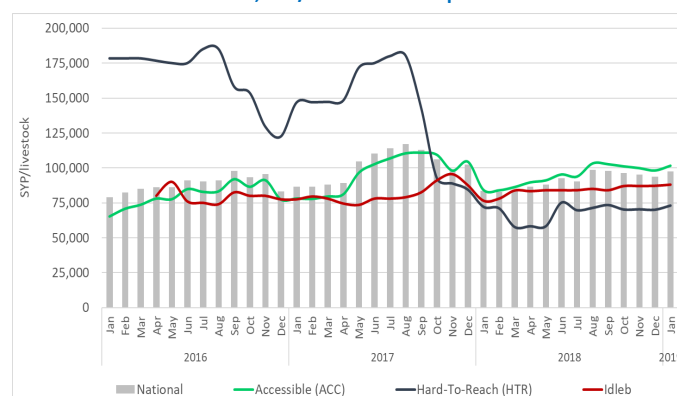
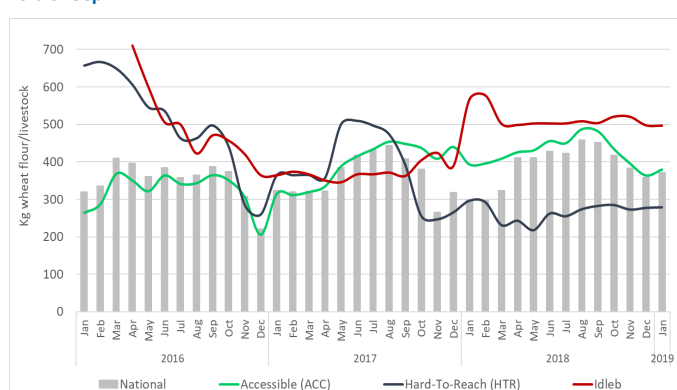


Chart 15: Terms of Trade (ToT) between wheat flour and the price of a 2Y old sheep



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.

