

SAVING  
LIVES  
CHANGING  
LIVES



# Regional Market Analysis

Economic Trends across RBC Region  
Mid-Year 2020 Update



World Food  
Programme

Issue #7  
July 2020

# Regional Market Analysis

## Introduction

The aim of the report is to give a general overview about the market situation of 16 countries in the region in the simplest way possible. The Market Status indicator shows the overall level of market challenges in the country, which is classified based on annual consumer inflation or food inflation rates as follows:



To better understand the market situation and the possible reasons for price trend developments, this report is complemented by a description of a different range of economic indicators.

## Regional Overview as of June 2020

In the first half of 2020, the COVID-19 pandemic resulted into massive economic turmoil as most countries in the region have been affected by simultaneous shocks, including a drop in domestic and external demand, a drop in oil prices, a reduction in trade, the disruption of production, a fall in consumer and investor confidence as well as tightening of financial conditions.

Considering the compound effect of strong containment measures, the disruption in global supply chains and the structural characteristics of individual economies, growth has been estimated to significantly slow down for the current year. Public debt and government deficits are also expected to widen. In addition, the costs of living have increased, while the purchasing power of households has deteriorated across many countries of the region.

As of June 2020, general price level in the region saw an increase compared to 2019, mainly in Lebanon, Sudan and Syria ("crisis" level according to the Market Status indicator). The increase observed in these countries was mainly due to food price spikes, as the cost of the food basket in these countries more than doubled compared to June 2019. In addition, the three countries saw a sharp depreciation of their currency against the USD, mainly due to domestic socio-political developments.

"Alert" levels were observed in Iran, whose level of headline inflation saw a y-o-y increase by 22.5 percent, while food inflation reached 14.9 percent in the same reference period. "Stress" levels have been recorded in most countries of the region, mainly when considering annual food inflation (up 19.3 percent in Yemen<sup>1</sup>, up 16.5 percent in Tajikistan<sup>2</sup>, up 12.9 percent in Turkey and up 10.7 percent in Kyrgyz Republic).

Countries whose economies are poorly diversified and heavily dependent on the hydrocarbon sector (such as Algeria, Iraq, Iran and Libya) saw their economies to suffer due to the decline in global demand for oil since February 2020, which led to a sharp decline in the price of hydrocarbon products, hence in government revenues.

Measures to curb the COVID-19 contagion have also had an impact on unemployment, whose rate has increased in many countries of the region (Armenia, Egypt, Iran, Jordan, Lebanon State of Palestine, Tunisia, Turkey).

<sup>1</sup> Change in the cost of the food basket, proxy for food inflation.

<sup>2</sup> The y-o-y difference reported refers to May 2020/2019 – latest available

## List of Abbreviations

M-O-M	Month over month
OPEC	Organization of the Petroleum Exporting Countries
Q1	First quarter
Q4	Fourth quarter
H1	First half
SNAP	Safety Nets Alert Platform
tb/d	Thousand barrels per day
ToT	Terms of trade
WFP	World Food Programme
Y-O-Y	Year over year

## Overview about the covered indicators

### **Economic indicators:**

- Current account
- Fiscal balance
- Gross Domestic Product (GDP) growth rates
- Government budget
- Government debt
- Industrial and agricultural production indices
- Trade balance.

### **Socio-economic indicators:**

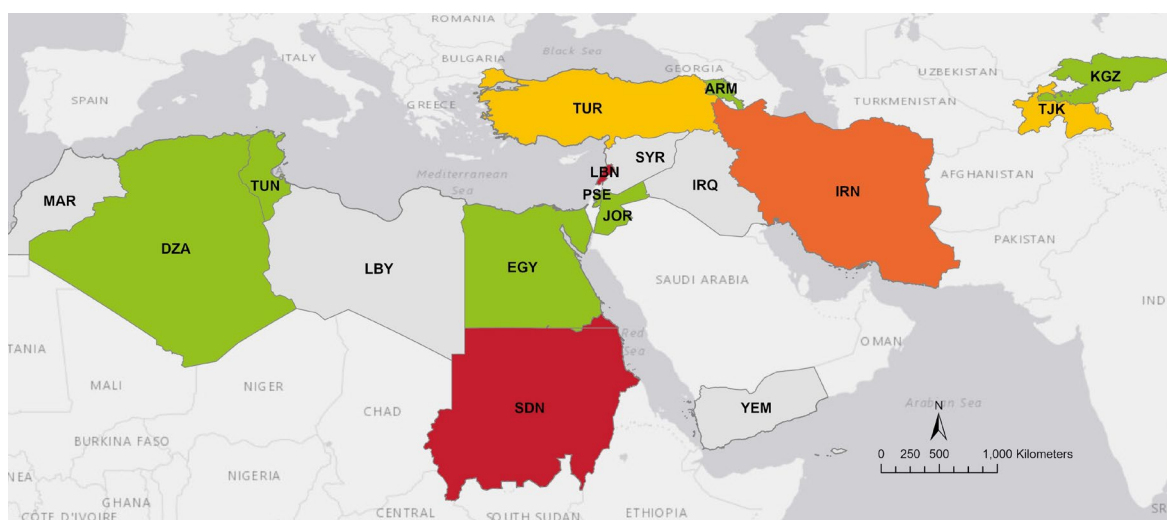
- Unemployment rates, which considers labour force between the age of 15 and 64 years old
- Youth unemployment rates, which covers labour force between 15-24 years old.

### **Market indicators:**

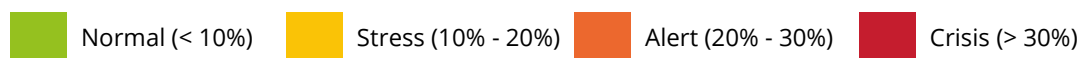
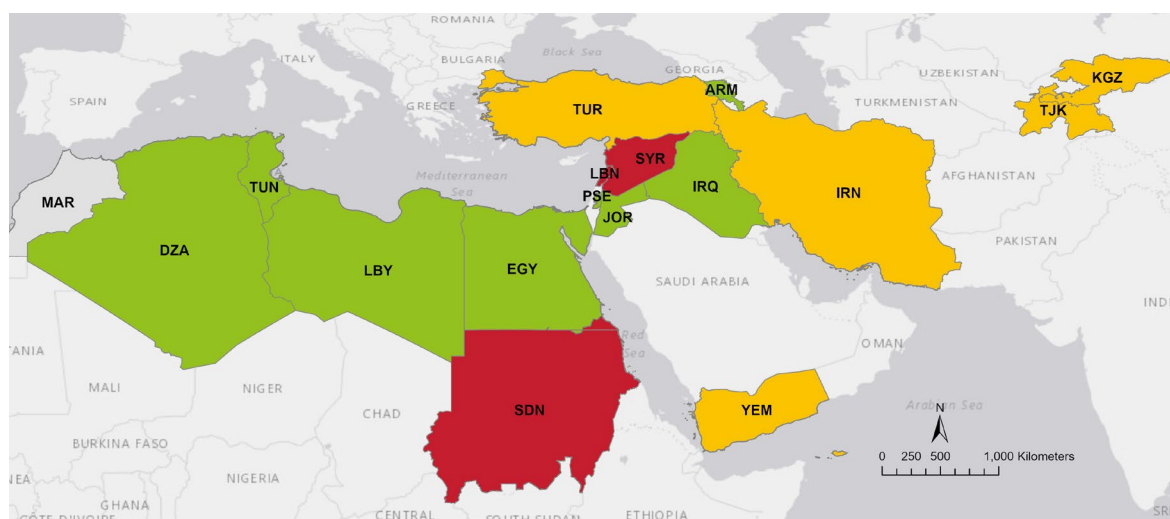
- Inflation rates, which represent percentage change in Consumer Price Index (CPI). This report covers both total and food inflation rates; changes in prices of different food commodities are calculated through WFP SNAP platform
- Exchange rates, which affect inflation rates and purchasing power of households. A depreciation in the currency leads to higher import costs translated into higher inflation rates affecting mainly net importing countries.

The economic indicators described in this report provide a snapshot of the economy of a country and, eventually, of the wellbeing of its population. When the GDP growth rates decreases, unemployment rates, budget deficit, government debt and inflation rates increase while trade deficit widens. All this affects the wellbeing of the society, mainly the most vulnerable segments of the population.

## Annual inflation rates, June 2020



## Annual food inflation rates, June 2020



Data sources: WFP, UNGIWG, GeoNames, GAUL, and OCHA.

The designations employed and the presentation of material in the map(s) do not imply the expression of any opinion on the part of WFP concerning the legal or constitutional status of any country, territory, city or sea, or concerning the delimitation of its frontiers or boundaries.

### ***Notes on the data:***

- \* All figures represent annual rates in June 2020 except for the following:
- Total and food inflation → Algeria and Tajikistan (latest available is May 2020).
- \*\* Iraq, Libya, Sudan, Syria and Yemen food inflation represent WFP monitored food basket.
- \*\*\*No (recent) data available on annual inflation rates for Iraq, Libya, Syria and Yemen (grey shaded areas).

# LEBANON

## KEY FIGURES AND TRENDS

- Economic conditions deteriorated amid spiralling inflation, the COVID-19 pandemic and socio-political instability.
- GDP is seen to collapse this year, reaching -13 percent.
- The gap between the official and the parallel exchange rate started to widen in March 2020, and kept on increasing until June 2020, reaching LBP 5,371/USD - the widest record since the beginning of the Lebanese crisis last year.

### CURRENT STATUS



## MARKET INDICATORS



**+ 89.7%**  
in June  
2020

Annual  
inflation rate



**+ 246.6%**  
in June  
2020

Annual food  
inflation rate



**5,371**  
USD/LBP

Informal  
exchange rate

## ECONOMIC INDICATORS



**833.3**  
USD million  
in Q2 2019

Remittances



**+ 25%**  
in Q1 2020

Unemployment  
rate



**250.6**  
USD billion  
in May 2020

Exports



**0.7**  
USD billion  
in May 2020

Imports

## ECONOMIC IMBALANCES



**- 11.1%**  
of GDP,  
forecast  
for 2018

Fiscal balance



**- 2**  
USD billion in  
Q1 2020

Balance of  
trade



**170%**  
of GDP,  
forecast  
for 2020

Public  
debt

Economic conditions have deteriorated significantly in recent months amid spiralling inflation, the COVID-19 pandemic and socio-political instability, after the country defaulted on its debt for the first time ever in March 2020. According to FocusEconomics forecasts, GDP is seen to collapse this year, reaching -13 percent and a further, albeit softer, decline is foreseen for 2021 as GDP will contract at -2.2 percent. Fiscal deficit and public debt are seen staying extremely elevated over the same period (-11.1 and 170 percent of GDP through 2020, respectively)<sup>3</sup>.

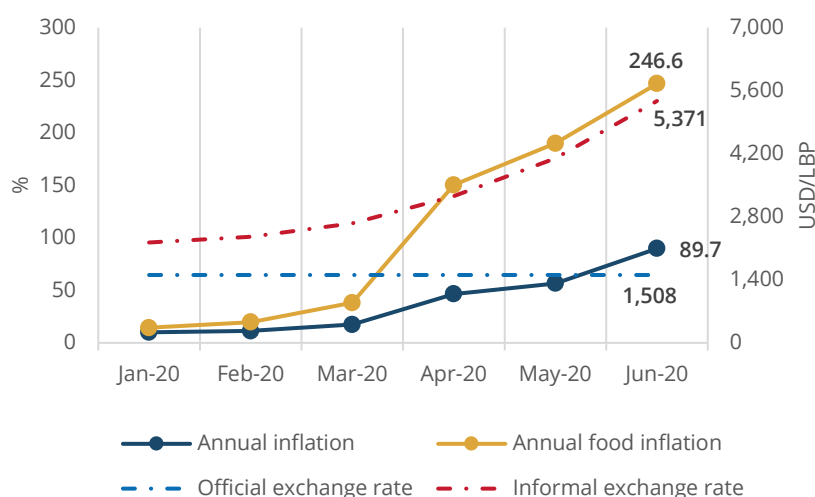
During the first quarter of 2020, Lebanon’s trade deficit reached USD 2 billion, narrowing from the USD 4.09 billion recorded in the same period last year. On the one hand, total imported goods saw a y-o-y decrease by 40.8 percent by March 2020, which was mainly driven by shortage of national foreign currency and negative growth. On the other, total exports increased by 6.8 percent y-o-y between January and March 2020<sup>4</sup>.

The Lebanese pound (LBP) remains officially pegged to the USD at a rate of 1,507 per dollar; however, its value has tumbled on the black market. The gap between the official and the parallel exchange rate started to widen in March 2020 and kept on increasing until May 2020. In June 2020, the Lebanese informal exchange rate weakened further,

reaching LBP 5,371/USD on the informal market (the widest gap recorded since the beginning of the Lebanese crisis last year).

Lebanon’s annual inflation rate rose to 89.7 percent in June 2020, the highest rate since the December 2008. The driving factors behind this increase are the ongoing sharp depreciation in the Lebanese and impact of confinement measures implemented to contain the spread of COVID-19. Prices

Figure 1: Inflation and exchange rates, Jan-Jun 2020



Source: SNAP and FXtop

increased faster, mainly for food and non-alcoholic beverages (189.8 percent in June from 189.8 in May). On a monthly basis, consumer prices jumped 20.21 percent, after a 6.94 percent gain in May.

The average cost of a reference food basket<sup>5</sup> has sharply increased compared to June 2019 (up 118 percent), reaching LBP 81,559. The prices of all the components of the basket skyrocketed, mainly sugar (up 155 percent), bulgur (up 154 percent) and sunflower oil (up 152 percent). In terms of geographical variations, the average cost of the food basket more than doubled across all governorates compared to 2019.

In the first half of 2020, the average cost of the food basket increased by 61.3 percent, mainly driven by the surge in prices of bulgur (up 101 percent), sunflower oil (up 96 percent) and white beans (up 83 percent). North recorded the largest increase (up 74.8 percent), followed by Baalbeck-Hermel (up 70.9 percent) and Beirut (up 65.7 percent).

<sup>3</sup> FocusEconomics, WFP – Country Specific Economic Outlook and Macroeconomic Indicators Forecasts, July 2020

<sup>4</sup> Bloom Invest Bank – Lebanon’s Trade Deficit Down by 50.7% YOY at \$2B in Q1 2020

<sup>5</sup> The reference food basket includes 1.5 kg of beans, 3.9 kg of bulgur, 1,14 kg of canned beef, 1 litre of sunflower oil, 1.5 kg of pasta, 6 kg of rice, 0.3 kg of salt and 1.5 kg of sugar.

# SUDAN

## KEY FIGURES AND TRENDS

- The political situation and weak business environment discouraged private investments and dampened confidence, which have negatively affected various sectors of the economy.
- Further to the local economic and political developments, the economy was further curtailed by the global decline in oil prices due to COVID-19, being Sudan an exporter of petroleum.

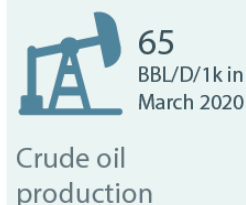
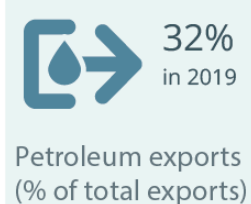
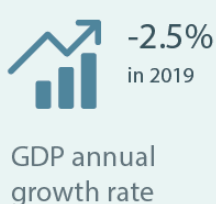
### CURRENT STATUS



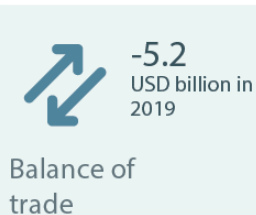
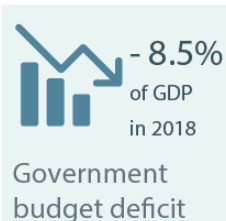
## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



The economy of Sudan was struggling prior to the novel outbreak with alarming inflation rates, negative growth rates, wide budget and trade deficits. The pandemic added to the existing socio-economic pressures, with annual inflation rates passing from 57 percent in December 2019 to 136 percent in June 2020 – the highest rate over the past 25 years. IMF estimates also suggest an alarming deterioration as the economy is seen to contract by more than 7 percent in 2020, average annual inflation rate to reach 81 percent, and unemployment rate to increase from 22 percent in 2019 to 25 percent in 2020. As for government balances, budget deficit is foreseen to represent nearly 17 percent of GDP and current account deficit is to increase to 15 percent of GDP.

Table 1: IMF estimates, 2020-2021<sup>6</sup>

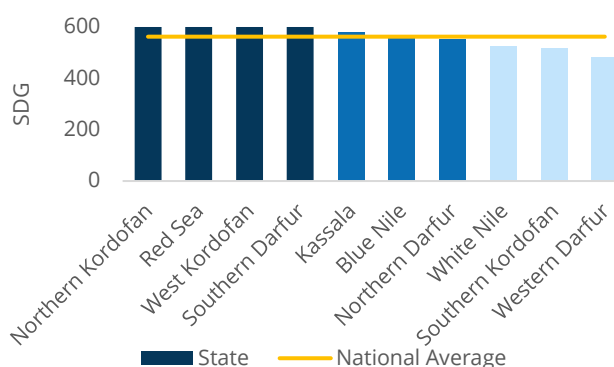
Indicator	Units	2019	2020	2021	Estimates start after
Gross domestic product, constant prices	Percent change	-2.5	-7.2	-3	2016
Inflation, average consumer prices	Percent change	51	81.3	91.1	2019
Unemployment rate	Percent of total labor force	22.1	25	22	2011
General government net lending/borrowing	Percent of GDP	-10.8	-16.9	-20.6	2019
Current account balance	Percent of GDP	-14.9	-15.2	-11.8	2018

Source: IMF World Economic Outlook, April 2020

Political uncertainty and economic decisions related to subsidies removal and currency depreciation are the main factors behind the deterioration observed over the past two years. The political situation and weak business environment discouraged private investments and dampened confidence, which have negatively affected various sectors of the economy. In contrary with the local economic and political developments, the global decline in oil prices benefited Sudan, the net oil importer at value of USD 2,539 million in 2019. Brent prices dropped from a monthly average of USD 64 in January 2020 to USD 40.3 in June 2020. Furthermore, average prices of the first half of 2020 (USD 66) were lower than the first half of 2019 (USD 40) by a remarkable 39 percent.

The government-imposed subsidies removal on wheat imports – accounting for 7 percent of total imports and 70 percent of total imported cereals in 2019 (value of USD 459 million) – combined with currency devaluation caused costs of imports to surge with a trickle-down effect on retail prices of wheat flour and other cereals, such as sorghum and millet. At the national level, the food basket cost<sup>7</sup> witnessed a threatening annual increase of 258 percent in June 2020. At the governorate level, Northern and Western Kordofan, Red Sea, and Southern Darfur recorded the most expensive reference food basket in H1 2020. Ongoing clashes in these states are the main drivers behind relatively high food prices.

Figure 2: Cost of the food basket (SDG), Jan-May 2020



Source: WFP Field Monitoring

<sup>6</sup> Red dots correspond to change lower than -5 percent, yellow dots to changes between -+5 percent, green dots to change higher than 5 percent

<sup>7</sup> The reference food basket includes 13.5 kg of sorghum



# SYRIA

## KEY FIGURES AND TRENDS

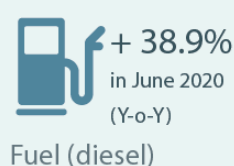
- In the first half of 2020, the informal exchange rate depreciated from SYP 1,028/USD to SYP 2,500/USD, skyrocketing between March and June. The Lebanese financial crisis contributed to the depreciation observed.

- Throughout the first half of 2020, Idleb recorded the most expensive food basket, except for April. Between June and January 2020, the gap between the most and least expensive food basket has increased by 60.4 percent.

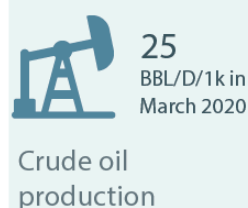
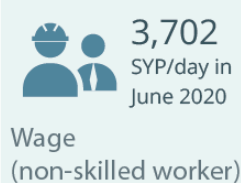
### CURRENT STATUS



## MARKET INDICATORS



## ECONOMIC INDICATORS

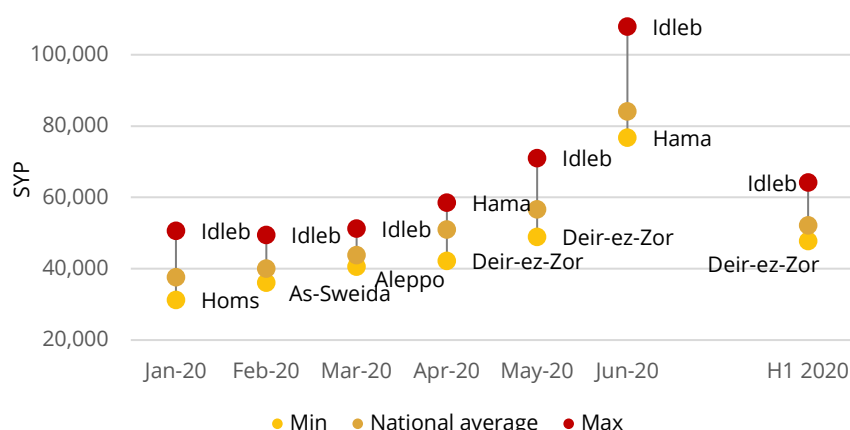


## TERMS OF TRADE



In June 2020, the price of WFP’s national reference food basket price<sup>8</sup> averaged SYP 84,095. All 14 governorates reported average food basket price increases compared to January 2020 and to June 2019. Idleb reported the highest y-o-y increase (3.5 times higher than June 2019), followed by Rural Damascus (up 293

Figure 3: Gap between most and least expensive food basket, Jan-Jun 2020

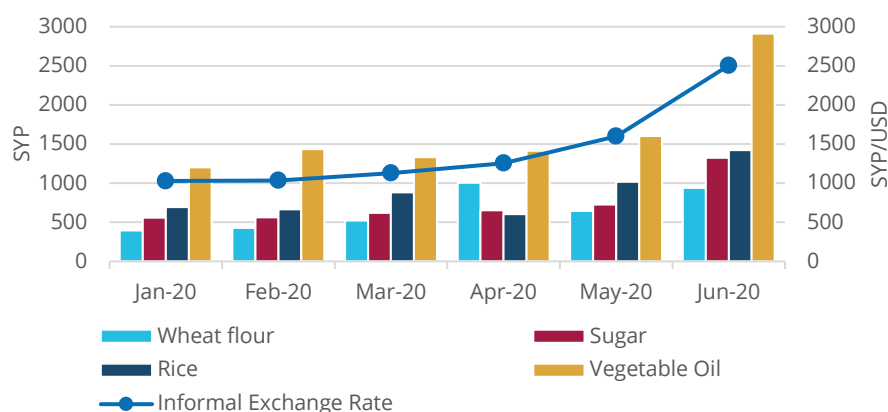


Source: WFP field monitoring

percent) and Damascus (up 280 percent). The cost of the food basket in Rural Damascus and Damascus also recorded the highest increase compared to January 2020 (1.5 times higher), followed by Homs (up 148 percent). Not only did the cost of the average reference food basket increased during H1 2020, but the gap between the highest and lowest average also widened (up 60.4 percent).

Wheat flour, rice, sugar and vegetable oil – all components of the reference food basket – more than doubled between June and January 2020. In terms of y-o-y variations, price of vegetable oil and sugar – both imported – more than tripled at SYP 2,911.3 and SYP 1325, respectively. Price of rice went up by 188 percent (SYP 1423), while price of wheat flower increased by 227 percent (SYP 939).

Figure 4: Price of main commodities and exchange rate, Jan-Jun 2020



Source: WFP field monitoring

Throughout H1 2020, the informal exchange depreciated from SYP 1,028/USD in January to SYP 2,500/USD in June, skyrocketing between March and June. The Lebanese financial crisis has contributed to the depreciation of the SYP observed throughout H1 2020, including the increased volatility in June. The LBP plummeted the informal market, causing Lebanese traders to run out of dollars required to secure imports, which, in turn, has affected availability and pricing of Syrian imports. Domestic political disagreements as well as the implementation of the Caesar Act, imposing stricter sanctions on Syria also played a role in the June depreciation.

<sup>8</sup> WFP’s national average reference food basket, a group of basic dry goods providing 1,930 kcal a day for a family of five during a month. The basket includes 37 kg of bread, 19 kg of rice, 19 kg of lentils, 5 kg of sugar, and 7 litres of vegetable oil.

# IRAN

## KEY FIGURES AND TRENDS

- Having oil revenues among the main components of government revenues, the sharp decline in global oil prices coupled with existing sanctions are expected to further contract the economy and widen budget deficits.

- GDP is forecasted to slow by 7.3 percent and government budget gap is to widen to -8.1 percent of GDP in 2020. Current account deficit is to hit -2.3 percent of GDP in 2020 against -0.1 percent in 2019.

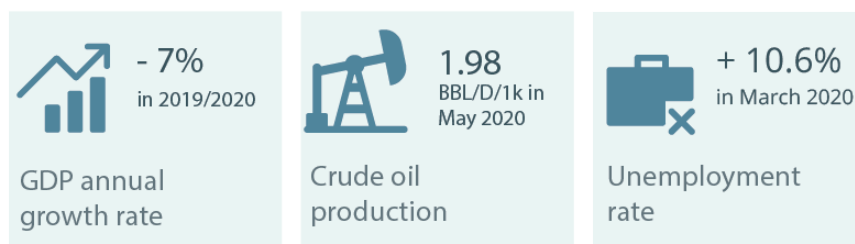
### CURRENT STATUS



## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



The pandemic added to the economic and social burden of Iran. Since January 2020, oil prices witnessed global sharp decline hitting USD 40.3 per barrel in June 2020, against USD 64.2 in June 2019 (~37 percent decline). Oil revenues are one of the main components of government revenues; hence, the sharp decline in oil prices on the top of the imposed sanctions, will increase budget deficit and government debt, while widening fiscal and current account deficits. FocusEconomics forecasts fiscal deficit to deteriorate from -5.2 percent of GDP in 2019 up to -8.1 percent in 2020 and current account deficit to hit -2.3 percent in 2020 against -0.1 percent in 2019<sup>9</sup>.

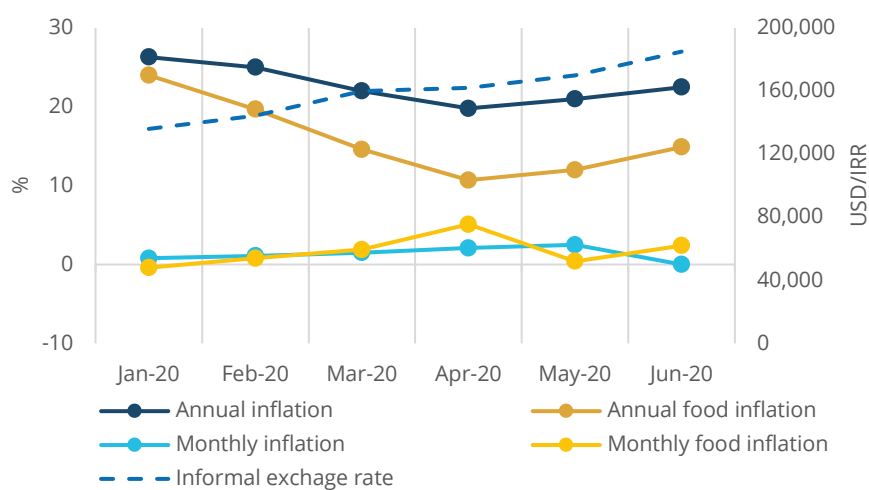
As of February 2020, the Financial Action Task Force (FATF), a Paris-based monitoring group, voted to re-impose countermeasures on Iran for Tehran’s lack of progress in passing anti-money laundering (AML) and counter-terrorist financing (CFT) legislation<sup>10</sup>. The blacklisting will complicate Iranian plans to sidestep American sanctions through doing business with European countries and tap Iran’s ability to access global credit markets or receive international investments.

Considering the pandemic, global crisis, sanctions and FATF blacklisting, GDP is forecasted to slow further (-6.9 percent) in 2020, according to Focus Economics. Real GDP already showed a y-o-y contraction at 7 percent in 2019/2020, mainly attributed to the struggling oil sector, as GDP (excluding oil sector) slowed down slightly with -0.6 percent<sup>11</sup>.

Unemployment rate was as high as 10.6 percent in March 2020, with notable gender discrepancies. Female unemployment recorded 17.2 percent against 9.2 percent for males<sup>12</sup>. If economic sanctions persist along with a shrinking global economy amid the COVID-19, socio-economic status will worsen in Iran leading to higher unemployment and poverty rates.

Opposing to widening deficits and negative GDP growth rates, inflation rates come to lessen hardships through relatively low annual rates in the first half of 2020, due to the higher base effect of 2019. Furthermore, monthly rates are contained with a maximum monthly increase of 2.5 percent in May 2020. The same applies to annual food inflation rates and monthly food inflation,

Figure 5: Inflation and exchange rate, Jan-Jun 2020



Source: AMAR

ranging between a minimum of -0.4 percent in January 2020 and a maximum of 5.1 percent in May 2020. Declining inflation rates are, however, threatened by the continuous currency depreciation.

<sup>9</sup> [Economic Outlook and Macroeconomic Indicator Forecasts Dashboard](#)

<sup>10</sup> [Iran Remains on Antiterrorism Blacklist, Continuing Sanctions, NY Times, February 2020](#)

<sup>11</sup> [Quarterly national accounts report, Amar](#)

<sup>12</sup> [Labor force surveys, Amar](#)

# KYRGYZSTAN

## KEY FIGURES AND TRENDS

- The novel outbreak led to moderate increases in general price levels; food prices recorded higher increase. For the first time over the past five years, annual food inflation recorded two digits at 10.7 percent in June 2020.

- The COVID-19 crisis not only had an impact on price level but also at the macroeconomic level, in terms of lower GDP growth, wider government deficits, higher unemployment and decreased remittances flow.

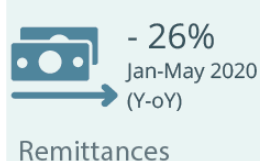
### CURRENT STATUS



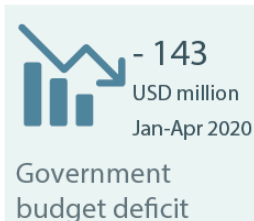
## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



The novel outbreak led to moderate increases in general price levels and pronounced increases in food prices. Annual food inflation recorded two digits for the first time over the past five years (at 10.7 percent in June 2020 and 13.3 percent in May 2020). IMF estimates inflation rates to rise to an average of 10.6 percent in 2020 (up from 1.1 percent in 2019)<sup>13</sup>.

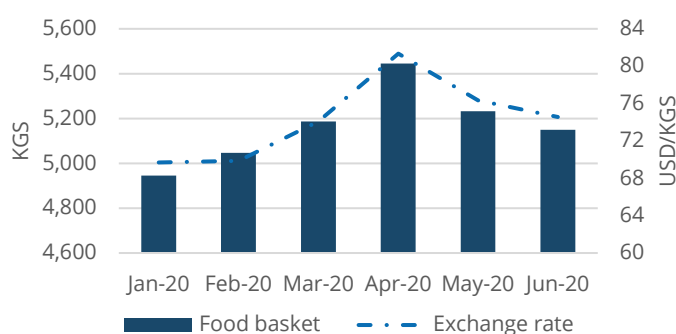
The cost of a reference food basket<sup>14</sup> has increased since February 2020, reaching a peak of KGS 5,446 in April 2020, following currency fluctuations. As of June 2020, the cost of food basket was 4.1 percent higher than January 2020 (pre-COVID19 level). Furthermore, the cost of the food basket in the first six months of 2020 was 18 percent higher than the corresponding period in 2019.

Jalal-Abad, Bishkek city and Batken recorded the most expensive food basket cost over the first half 2020. The cost, however, was just slightly higher than the national average (by 5, 5 and 2 percent respectively), reflecting minimal variation across markets.

The COVID-19 crisis not only had an impact on price level but also at the macroeconomic level, in terms of lower GDP growth, wider government deficits, higher unemployment and decreased remittances flow. GDP contracted by 1.8 percent in the first half of 2020 against the same period of 2019<sup>15</sup>. The IMF projects a further contraction in real GDP for 2020 (-4 percent) and a higher budget deficit (8.8 percent of GDP). The Ministry of Labour and Social Development estimated a total 1.8 million workers (out of a total workforce of 2.6 million) falling into unemployment following the outbreak of the crisis<sup>16</sup>.

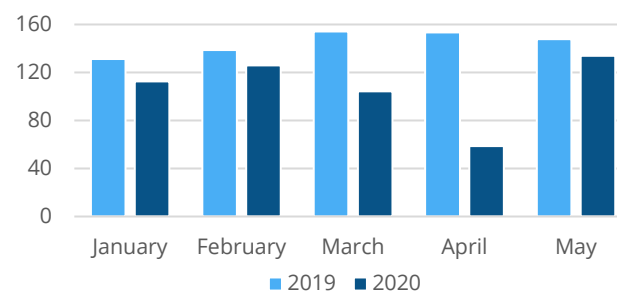
The flow of remittances flow – a main source of income for Kyrgyz Republic, representing 28.5 percent of GDP in 2019<sup>17</sup> – decreased by 26 percent in the first 5 months of 2020 compared to the same period of 2019. Significant fall in remittances revenues would have serious implications for current account deficit which is estimated at -16.6 percent of GDP after the onset of the pandemic, up from a previous estimation of -8.3 percent in last October 2019<sup>18</sup>. On the May

Figure 6: Cost of food basket and exchange rate, Jan-Jun 2020



Source: Kyrgyz National Statistics Office and WFP analysis

Figure 7: Net flow of remittances (USD million), 2019 vs. 2020



Source: National Bank of Kyrgyz Republic

8<sup>th</sup>, the Executive Board of the IMF approved USD 121.1 million in emergency assistance to the Kyrgyz Republic. Other international actors have offered budget financial support, including the EU (36m), the ADB (120m), and the Eurasian Fund for Stabilisation and Development (100m), totalling USD 462m<sup>19</sup>.

<sup>13</sup> [OECD Policy responses](#)

<sup>14</sup> The reference food basket includes 8.21 kg of potatoes, 9.52 kg of carrots, 10.31 apples, 2.13 kg of sugar, 5.11 kg of beef, 15 eggs, 16.67 liters of non-pasteurized milk, 9.6 kg of first grade wheat flour, 0.76 kg of sunflower oil and 20 kg of high quality wheat flour.

<sup>15</sup> [The ministry of economy](#)

<sup>16</sup> [OECD Policy responses](#)

<sup>17</sup> [World Bank](#)

<sup>18</sup> [OECD Policy responses](#)

# TAJIKISTAN

## KEY FIGURES AND TRENDS

- The pandemic pressured food prices in Tajikistan, as annual food inflation rate increased to 16.5 percent in May 2020, up from 11.2 percent in January (pre-COVID).
- COVID-19 is also affecting the country at the macro-economic level. According to IMF's estimates, GDP growth rate is seen to slow down to 1 percent in 2020 against 7.5 percent recorded in the previous year.

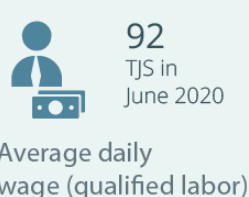
### CURRENT STATUS



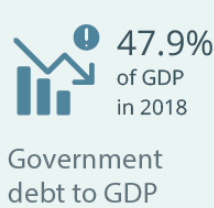
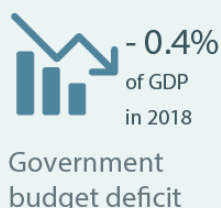
## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



The pandemic pressured food prices in Tajikistan, as annual food inflation rate increased to 16.5 percent in May 2020, up from 11.2 percent in January (pre-COVID). In the first half of 2020, the average cost of a reference food basket<sup>20</sup> increased by 20 percent against the same period of 2019.

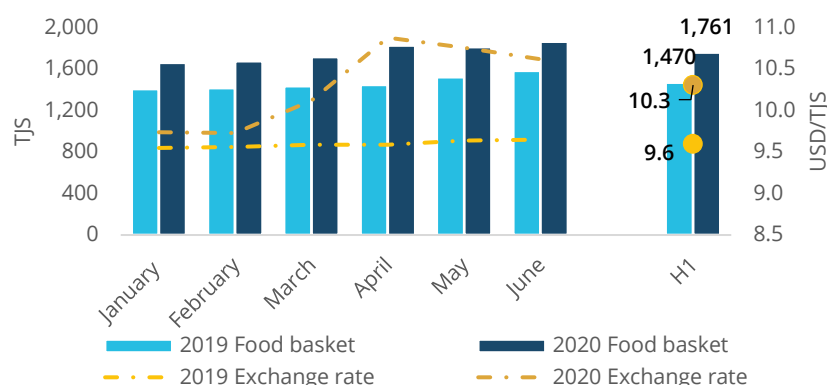
Potatoes are the main driver behind the increase, recording a 75 percent

increase in H1 2020 over H1 2019. Green beans followed through (up 45 percent) as well as bread (up 32 percent), onions (up 31 percent), and first grade wheat flour (up 28 percent). Tajikistani Somoni depreciated from TJS 9.6 per USD in H1 2019 to TJS 10.3 per USD in H1 2020.

According to TradeMap, cereals were the main imported food commodity in 2019 at a value of USD 237 million, with wheat represented 94 percent of total food imports. Kazakhstan is a main trade partner and the leading wheat exporter to Tajikistan. Fearing of supply shortages in the aftermath of the outbreak, Kazakhstan imposed export quotas on food products (mainly on grains) and banned exports of buckwheat, white sugar, potatoes, carrots, turnips and whipped cabbage. These restrictive measures, however, were lifted on June 1<sup>st</sup> 2020<sup>21</sup>. Until then, food availability in the country and household purchasing power had been threatened by fluctuations in food prices and trade restrictions imposed by key partners, particularly when considering economic access and availability of imported key staples such as wheat.

COVID-19 is also affecting the country at the macro-economic level. According to IMF's estimates, GDP growth rate is seen to slow down to 1 percent in 2020 against 7.5 percent recorded in the previous year. Furthermore, budget deficits are foreseen to widen; government budget is to record -6.4 percent of GDP and current account is to reach 7.7 percent of GDP in 2020. The economy is, however, forecasted to rebound in 2021. With respect to price level, headline inflation is anticipated to jump to 8.1 percent in 2020 but to stepdown in 2021 (6.9 percent).

Figure 8: Food basket cost and exchange rates, Jan-Jun 2020



Source: SNAP and WFP field monitoring

Table 2: IMF estimates for key macroeconomic indicators in Tajikistan<sup>22</sup>

Indicator	Unit	2019	2020	2021
Gross domestic product, constant prices	Percent change	7.5 ●	1 ●	5.5 ●
General government net lending/borrowing	Percent of GDP	-2.1 ●	-6.4 ●	-3 ●
Current account balance	Percent of GDP	-3.3 ●	-7.7 ●	-4.5 ●
Inflation, average consumer prices	Percent change	7.8 ●	8.1 ●	6.9 ●

Source: IMF World Economic Outlook

<sup>20</sup> The reference food basket includes of 17.7 kg of onions, 23.2 kg of potatoes, 17.7 kg of cabbage, 8.8 kg of carrots, 1.4 kg of chicken, 2.8 kg of beef, 2.8 kg of mutton, 30.2 litres of milk, 8.3 litres of cotton oil, 6.2 kg of haricot beans, 6.2 kg of dry peas, 12.4 kg of rice, 33.1 kg of wheat flour, 165 g of bread, 42 eggs, 6.7 kg of sugar, 1.8 kg of salt, 0.22 Kg of green tea.

<sup>21</sup> [Market Access MAP](#)

<sup>22</sup> Red dots correspond to change lower than -5 percent, yellow dots to changes between -+5 percent, green dots to change higher than 5 percent



# TURKEY

## KEY FIGURES AND TRENDS

- GDP increased by 4.5 percent in the first quarter of 2020 compared with the same quarter of the previous year; however, estimates suggest economic growth to slow down through 2020.

- Annual headline inflation rose to 12.6 percent y-o-y in June 2020 - the highest rate recorded since August 2019. Cost rose at a faster pace, mainly for alcoholic beverages & tobacco (22.41 percent), transport (10.96) and food and non-alcoholic beverages (12.93 percent).

### CURRENT STATUS



## MARKET INDICATORS



+ 12.6%  
in June 2020

Annual  
inflation rate



+ 12.9%  
in June 2020

Annual food  
inflation rate



+ 19%  
in June 2020  
(Y-o-Y)

WFP  
food basket



6.8  
USD/TRY

Exchange rate

## ECONOMIC INDICATORS



+ 4.5%  
in Q1 2020

GDP annual  
growth rate



- 19.9%  
in May 2020

Industrial  
production



+ 12.8%  
in April 2020

Unemployment  
rate

## ECONOMIC IMBALANCES



- 1.9%  
of GDP  
in 2018

Government  
budget deficit



- 3.42  
USD billion in  
June 2020

Balance of  
trade



+ 30.4%  
of GDP in  
2018

Government  
debt to GDP

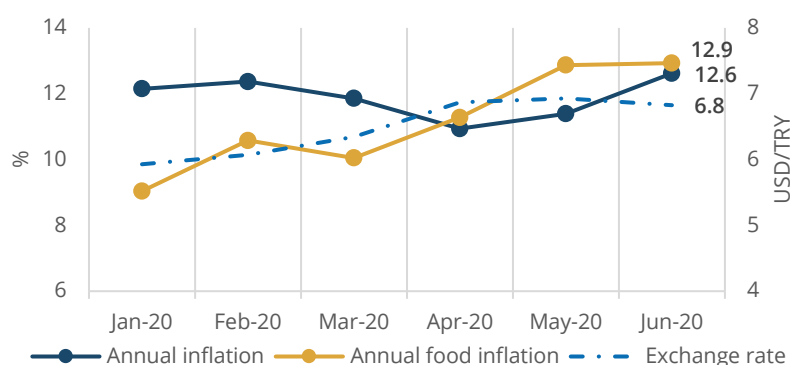
GDP increased by 4.5 percent in the first quarter of 2020 compared to the same quarter of the previous year, mainly driven by information and communication (up 10.7 percent) and industry sectors (up 6.2 percent). Construction sector contracted by 1.5 percent. Compared to Q4 2019, GDP slightly decreased (from 1.9 percent to 0.6 percent), suggesting the economy to grow at a slower pace<sup>23</sup>. Due to the impact of COVID-19, the World Bank estimates that economic growth will slow down to -3.8 percent through 2020<sup>24</sup>; IMF is even more pessimistic, estimating the economy to contract to -5 percent for the current year.

COVID-19 seems to have affected trade relations between Turkey and its commercial partners. Compared to May 2019, the overall volume of exports decreased by 38.7 percent, which was mainly driven by a decrease in exports of fuels (down 16.3 percent), other crude materials (down 27 percent), food, beverages and tobacco (down 23.3 percent) and other manufactured goods (down 44.3 percent). In terms of imports, the overall volume decreased by 17.5 percent, mainly driven by a decrease in the volume of imported fuels (down 26.4 percent), followed by food, beverages and tobacco (down 23.1 percent), other crude materials (down 12.2 percent), and other manufactured goods (22.7 percent)<sup>25</sup>.

Although it decreased compared to April 2019 and March 2020, unemployment rate in April 2020 was still high at 12.8 percent; even higher when considering the non-agricultural sector (at 14.9 percent). According to the Turkish Statistical Institute, 28.7 percent of the workforce is employed without any social security, being the rate of unregistered employment at 17.3 percent. Youth unemployment rate stood at 24.4 percent, showing a 1.2 percentage point increase compared to April 2019. The increase is higher among men (up 1.9 percent compared to April 2019) than women (up 0.2 percent).<sup>26</sup>

As the economy re-opened from the coronavirus-induced restriction measures, Turkey's consumer price inflation rate rose to 12.6 percent y-o-y in June 2020, the highest since August 2019. Cost rose at a faster pace, mainly for alcoholic beverages and tobacco (22.41 percent), transport (10.96) and food and non-alcoholic beverages (12.93 percent).

Figure 9: Inflation and exchange rate, Jan-Jun 2020



Source: Turkish Statistical Institute and FXtop

The average cost of a reference

food basket<sup>27</sup> has reached TRY 204.7 (up 19 percent compared to June 2019 and up 8 percent compared to January 2020). Cost of beans (up 37 percent y-o-y), cucumbers (up 35 percent), eggs (up 32 percent) and tomatoes (up 30 percent) are the main drivers of the increase of the cost of the food basket observed. In terms of geographical variations, Istanbul is the governorate recording the highest increase (up 22.8 percent y-o-y), followed by Bolu, Duzce, Kocaeli, Sakarya, Yalova (up 22 percent) and Aksaray, Kirikkale, Kirsehir, Nevsehir, Nigde (up 21.8 percent).

<sup>23</sup> Turkish Statistical Institute – Quarterly Gross Domestic Product, Quarter I: January – March 2020

<sup>24</sup> World Bank – Global Economic Prospects, June 2020

<sup>25</sup> Turkish Statistical Institute - Foreign Trade Indices, May 2020

<sup>26</sup> Turkish Statistical Institute - Labour Force Statistics, April 2020

<sup>27</sup> The reference food basket includes 1.5 kg of beans, 7.5 kg of bread, 1.5 kg of bulgur, 1.5 kg of white cheese, 0.9 kg of cucumbers, 30 eggs, 0.75 litres of sunflower oil, 3 kg of rice, 0.15 kg of salt, 1.5 kg of sugar, 0.15 kg of tea, 0.9 kg of tomatoes and 1.5 kg of yogurt.

# YEMEN

## KEY FIGURES AND TRENDS

- Yemen has been facing economic and humanitarian crises over the past years as well as foreign reserves depletion, declined oil production and contracted GDP growth.

- The post-pandemic cost of a reference food basket in June 2020 increased by 15 percent against the pre-pandemic level (December 2019).

### CURRENT STATUS



## MARKET INDICATORS

+ 19.3%  
in June  
2020 (Y-o-Y)



+ 5.4%  
in June  
2020 (m-o-m)

WFP food basket



- 9.8%  
in June  
2020 (Y-o-Y)

Fuel (diesel)  
price



662  
USD/YER

Informal exchange  
rate

## ECONOMIC INDICATORS



1.3%  
in 2019

GDP annual  
growth rate



12.8%  
in 2019

Unemployment  
rate



61  
BBL/D/1k in  
March 2020

Crude oil  
production



+ 75%  
in Q4 2019

Poverty rate  
(World Bank)

## ECONOMIC IMBALANCES



5.64%  
of GDP  
in 2018

Private debt, loans  
and debt securities

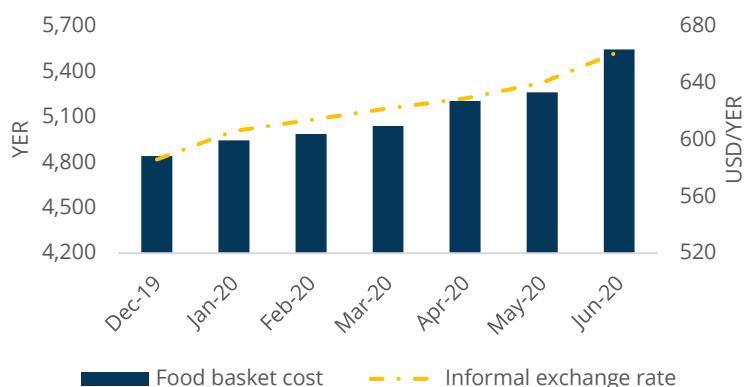


64.75%  
of GDP in  
2018

Central  
Government Debt

Yemen has been facing economic and humanitarian crises over the past years resulting into foreign reserves depletion, declined oil production, contracted GDP growth and significant damage to vital public infrastructure and the related disruption of basic services. The country's ability to cope with the spread of COVID-19 is limited, given the weakened public health systems and fiscal space<sup>28</sup>.

Figure 10: Cost of the food basket and informal exchange rate, Dec 2019-Jun 2020

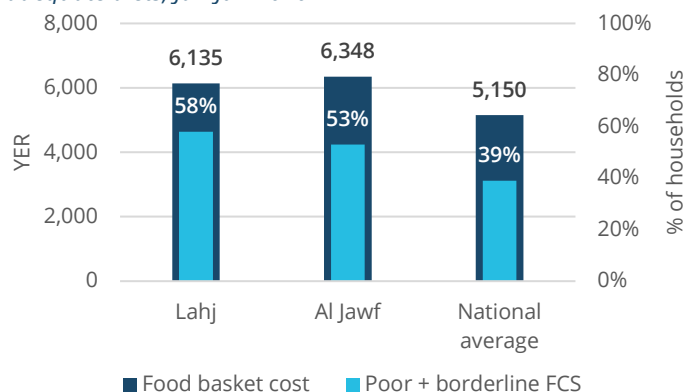


Government budget deficit is estimated to widen further in 2020 at -9.8 percent against -6.6 percent in 2019 and public debt is foreseen to reach 56.7 percent. As for GDP, it is forecasted to contract by 4.3 percent this year, however, the situation could improve in 2021 based on how the country and global markets will react to the COVID-19 crisis<sup>29</sup>.

Yemen is highly dependent on food imports as cereals alone comprised 12 percent of its total imports in 2019. The pandemic is likely to exacerbate food insecurity and poverty through disrupted or delayed food supplies, leading to limited food availability in country and eventually higher food prices, which, in turn, are likely to compromise the purchasing power of households already weakened by years of conflict.

Throughout the first half of 2020, the cost of a reference food basket<sup>30</sup> increased by 9.5 percent compared to the first half of 2019. Furthermore, the price of the food basket gradually increased between December 2019 (pre COVID-19) and June 2020 (up 14.5 percent) following the continuous depreciation in the Yemeni Rial (from YER 586 per USD in December 2019 to YER 662 in June 2020).

Figure 11: Food basket cost and percentage of households with inadequate diets, Jan-Jun 2020



The compound effect of the increase in food basket costs and currency depreciation affected households' access to food as the percentage of households consuming inadequate

Source: WFP Field Monitoring

diets in the first half of the year increased, passing from 35 percent in January 2020 to 37.5 percent in June 2020. In the terms of geographical variations, Lahj and Al Jawf – the governorates recording the most expensive food basket over the first half of 2020 – also recorded the highest percentages of households with poor and borderline food consumption, showing a possible linkage between deteriorated purchasing power and the consumption of inadequate diets.

<sup>28</sup> World Bank report, April 2020

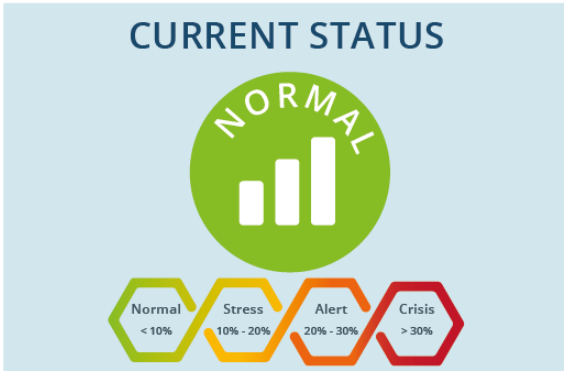
<sup>29</sup> Forecasts are based on FocusEconomics

<sup>30</sup> The reference food basket composes of 10.7 kg of wheat flour, 0.4 kg of sugar, 1.1 litres of vegetable oil, 1.4 kg of red beans and 0.14 kg of salt

# ALGERIA

## KEY FIGURES AND TRENDS

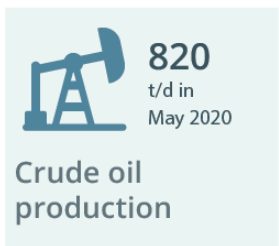
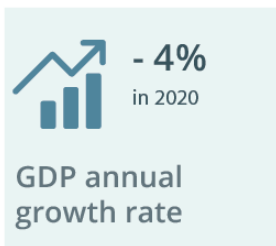
- The country is facing a threefold shock: sharp decline in oil prices, a public health crisis and the consequences of global economic disruptions due to the COVID-19 outbreak.
- Prospects on growth remain uncertain; however, IMF forecasts growth to decelerate to -5.2 percent in 2020.
- Compared to pre-COVID level (January 2020), annual food inflation in June has increased by 32.2 percent.



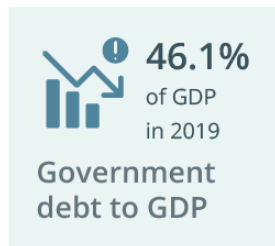
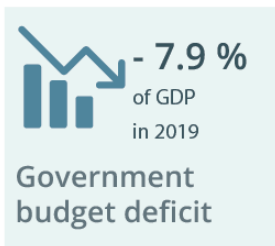
## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



Being its economy poorly diversified and heavily dependent on production and exports of hydrocarbons, Algeria is facing a threefold shock: sharp decline in oil prices, a public health crisis and the consequences of global economic disruptions due to the COVID-19 outbreak.

The COVID-19 crisis has further contracted the hydrocarbon sector, which was already suffering from the decline in oil prices since 2013. The price of Sahara Blend stood at USD/b 40.48 in June 2020, representing a decrease by 30 percent since the beginning of the COVID-19 crisis in January 2020. In terms of y-o-y variations, the price of Sahara Blend fell in June 2020 by 37.6 percent compared to June 2019<sup>31</sup>. With the fall in price and demand for oil products, crude oil production in May 2020 significantly decreased, reaching 820 tb/d (down 19 percent between January and May 2020 and down 20.3 percent between May 2019-2020)<sup>32</sup>.

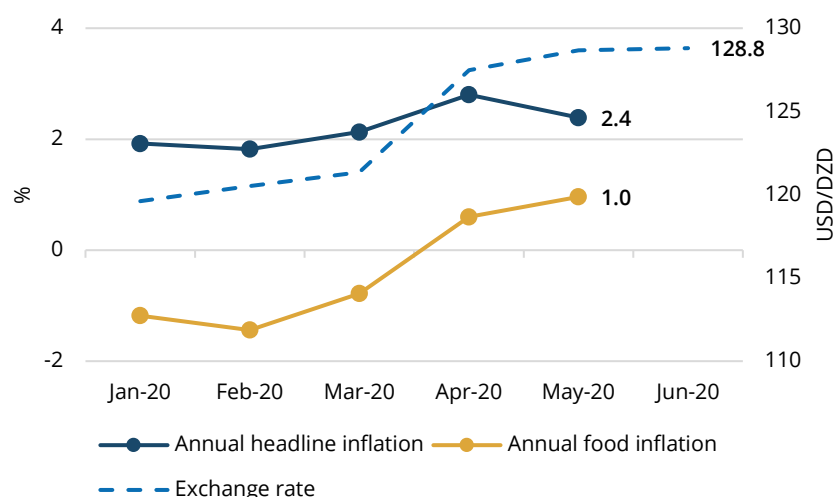
Trade balance has also fallen to -1.5 USD billion in the first quarter of 2020 as exports decreased by 24.9 percent (corresponding to 7.6 USD million against 10.1 USD million in the same period in 2019) while imports also reduced by 19.5 percent (down to 9.1 USD million in Q1 2019)<sup>33</sup>.

In this context, industrial production during Q1 2020 declined (down 6.7 percent compared to Q1 2019) across all sectors. In detail, production in iron steel and metallurgical sector fell by 38.2 percent, followed by textile (down 14.6 percent) and hydrocarbon sector (3.3 percent). Only agri-food sector recorded an increase (up 5.9 percent), however lower than the 2019 level in the same period (11.3 percent).

Due to the above-mentioned reasons, prospects on growth remain uncertain; however, the latest estimates from IMF<sup>34</sup> suggest GDP growth decelerating to -5.2 percent in 2020 to then rebound to 6.2 percent in 2021. Government debt is also expected to increase, mainly on the back of a substantially larger trade deficit (up 6.5 percent).

After having strengthened against the USD, the Algerian Dinar (DZA) has stabilized since April 2020, which is reflected in inflation rates. In May 2020, headline inflation reached 2.4 percent (down from 2.8 percent in April 2020). Annual food inflation is on the rise since February 2020. Compared to pre-COVID level (January 2020), annual food inflation has increased by 32.2 percent. Such increase was mainly driven by prices of fresh products such as vegetables (up 12.4 percent) and fruits (up 6.8 percent).

Figure 12: Inflation and exchange rate, Jan-Jun 2020



Source: Office National des Statistiques (ONS) and FXtop

<sup>31</sup> OPEC – Monthly Oil Market Reports, June 2019, January 2020, June 2020

<sup>32</sup> OPEC – Market Indicators, May 2019, January 2020, May 2020. May 2020 report is the latest available.

<sup>33</sup> Ministère des Finances - Rapport commerce extérieur période : Premier Trimestre de l'année 2020

<sup>34</sup> IMF Data Mapper – Real GDP Growth, Annual Percentage Change

# ARMENIA

## KEY FIGURES AND TRENDS

- The pandemic did not have a significant impact on general price level in Armenia, with both total and food inflation rates recording low rates at a maximum of 1.7 and 2 percent, respectively, in June 2020.
- Unemployment rate, however, remains high at 19.8 percent in the first quarter of 2020.

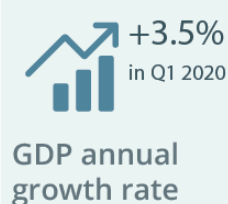
### CURRENT STATUS



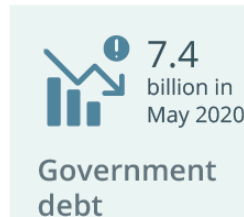
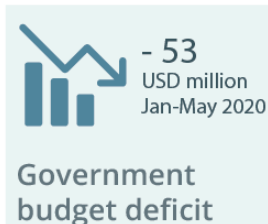
## MARKET INDICATORS



## ECONOMIC INDICATORS

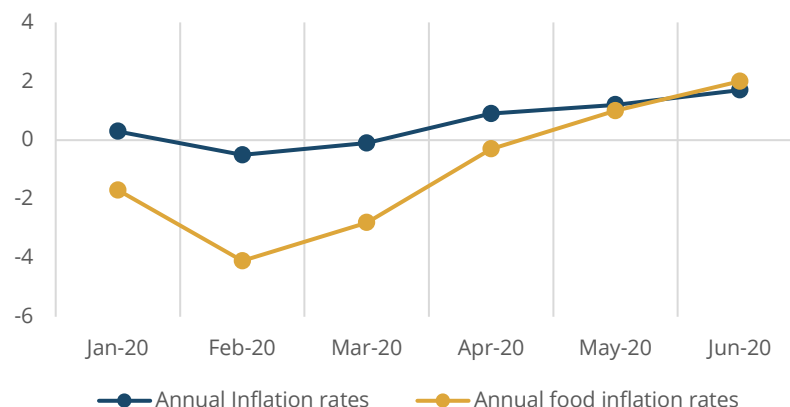


## ECONOMIC IMBALANCES



The pandemic did not have a significant impact on general price level in Armenia, with both total and food inflation rates recording low rates at a maximum of 1.7 and 2 percent, respectively in June 2020. However, annual rates showed still a general increase after February, which was mainly due to the impact of COVID-19 on the global economy.

Figure 13: Inflation rates, Jan-Jun 2020



Unemployment rate was as high as 19.8 percent in the first

Source: National statistics office (Armstat)

quarter of 2020, slightly lower than the corresponding period of 2019 (21.1 percent)<sup>35</sup>, but more than triple that of the estimated world average of 5.4 percent<sup>36</sup>. Remittances flow decreased by 7.2 percent in Q1 2020 over the same period of 2019, recording USD 235.6 million<sup>37</sup>.

Armenia is highly dependent on food imports as more than 63 percent of wheat consumption is met through food imports<sup>38</sup>, which, in turn, accounted for 17 percent of total merchandize imports in 2019<sup>39</sup>. Such heavy reliance on imports to meet domestic consumption makes the availability of food in the country sensitive to disruptions in global supply chains or trade restriction. Other than wheat – a key staple for the diet consumed by Armenians – the country imports meat followed by cereals and fruit and nuts, which altogether accounted for USD 218 billion in 2019.

Key trade partners are Russia (for cereals), Brazil and Ukraine (for meat) and Turkey and Ecuador (for fruits and nuts). So far, none of these partners has imposed any trade restriction on their food exports with Armenia, however, supply chains are subject to global disruptions and delays following the restrictive measures imposed by countries to tackle the COVID-19 crisis.

Due to COVID-19, the national economy started to slow down in the first quarter of 2020, at a rate of 3.5 percent against 7.5 percent in Q4 2019 and 7.4 in Q1 2019. Total debt slightly increased from USD 7.3 billion in December 2019 to USD 7.4 billion in May 2020. External debt has the lion share, with a nearly 77 percent of the total debt<sup>40</sup>.

The impact of the pandemic was also reflected on the near-term economic outlook of the country, with fiscal and current account deficits widening considerably this year. According to IMF forecasts, budget deficit as percent of GDP is foreseen to witness a fivefold increase in 2020, at -5 percent against -1 percent in 2019. In addition, the current account deficit as percent of GDP will increase from -8.2 percent in 2019 to -8.6 percent in 2020<sup>41</sup>. Accordingly, the IMF funded Armenia with USD 280 million in May 2020 to contain short-term risks and provide resources to face the urgent human and economic needs caused by the COVID-19 pandemic<sup>42</sup>.

<sup>35</sup> [National statistics office](#)

<sup>36</sup> [World bank](#)

<sup>37</sup> [Central Bank of Armenia](#)

<sup>38</sup> FAOStat

<sup>39</sup> [World bank](#)

<sup>40</sup> [National statistics office](#)

<sup>41</sup> [IMF World Economic Outlook](#)

<sup>42</sup> [IMF](#)

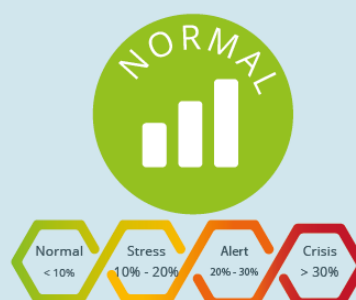


# EGYPT

## KEY FIGURES AND TRENDS

- Due to COVID-19, GDP grew by 5 percent in Q1 2020 y-o-y, below a 5.6 percent growth in the previous period.
- The slowdown in economic activity also affected trade, as the country saw a dramatic decrease in exports and imports, mainly related to hydrocarbons, iron and steel.
- Unemployment rate in urban areas increased by 13.3 percent between Q1 2019 and Q1 2020.

### CURRENT STATUS



## MARKET INDICATORS



Annual  
inflation rate



Annual food  
inflation rate



Monthly  
inflation rate



Exchange  
rate

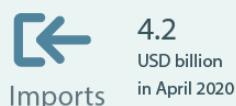
## ECONOMIC INDICATORS



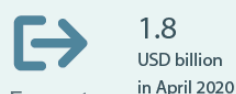
GDP annual  
growth rate



Crude oil  
production



Imports



Exports

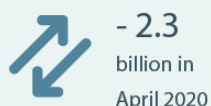


Unemployment  
rate

## ECONOMIC IMBALANCES



Government  
budget deficit



Balance of  
trade



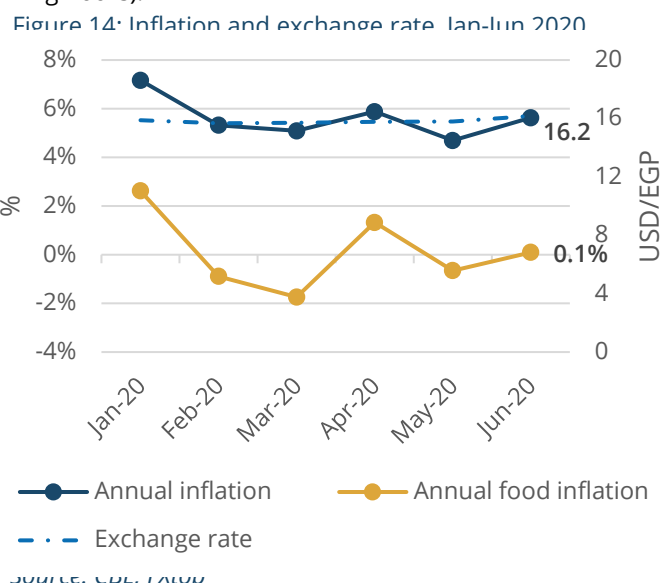
Government  
debt to GDP

In the first quarter of the 2020, GDP grew by 5 percent y-o-y, below a 5.6 percent growth in the previous period<sup>43</sup>. The contraction is mainly due to COVID-19 and the related containment measures the Egyptian authorities started to impose since March. Tourism, manufacturing, and wholesale and retail trade are among the most affected sectors; yet, oil sector was also impacted. Between January and April 2020, the production of petroleum and natural gas fell by 13.6 percent, reflecting a drop in the domestic consumption of such products, which fell by 12.1 percent<sup>44</sup>.

The slowdown in economic activity also affected trade as the country saw a dramatic decrease in exports (down 25.9 percent between April and January 2020) and imports (down 21.1 percent). In terms of main commodities related to the energy sector, butane gas imports fell by 25 percent between April and January 2020, while iron and steel exports halved between March and January 2020<sup>45</sup>.

Unemployment rate slightly decreased to 7.7 percent in Q1 2020, from 8.1 percent in Q1 2019<sup>46</sup>; however, unemployment rate in urban areas increased by 13.3 percent between Q1 2019 and Q1 2020. In addition, youth unemployment has increased among women (up 42.3 percent in Q1 2020, from 34.7 percent in Q1 2019), mainly in urban areas (28.4 vs. 16.3 percent in Q1 2020). The rates are likely to have been affected by COVID-19 pandemic following the implementation of confinement measures to control the virus spread of the virus (e.g. lockdowns and reduction of working hours).

In terms of prices, annual inflation was stable throughout Q1 2020 notwithstanding the pandemic. Despite being low, annual food inflation was more volatile, increasing from -0.9 percent in February – that is when COVID-19 started to spread in Egypt – until 1.3 percent in April 2020, to then fall in May (-0.7 percent) and then increase again in June at 0.1 percent. Fluctuations can be explained by different factors including, panic buying at the beginning of the pandemic and seasonal price increase due to Ramadan.



In June 2020, the average cost of a reference food basket<sup>47</sup> reached 212 EGP – 4.7 percent lower than June 2019. Chicken is the component of the food basket recording the highest increase (up 4 percent) compared to pre-COVID level – that is January 2020. Fava beans, and beef account for commodities not included in the standard food basket, which equally saw an increase between January and June (up 9 and 8 percent, respectively).

The exchange rate between EGP and USD remained stable in H1 2020, at an average of 15.8 USD/EGP.

<sup>43</sup> Central Bank of Egypt

<sup>44</sup> CAPMAS - Monthly Statistical Bulletin, June 2020 Issue 100

<sup>45</sup> CAPMAS - Monthly Statistical Bulletin, June 2020 Issue 100

<sup>46</sup> CAPMAS - Monthly Statistical Bulletin, June 2020 Issue 100

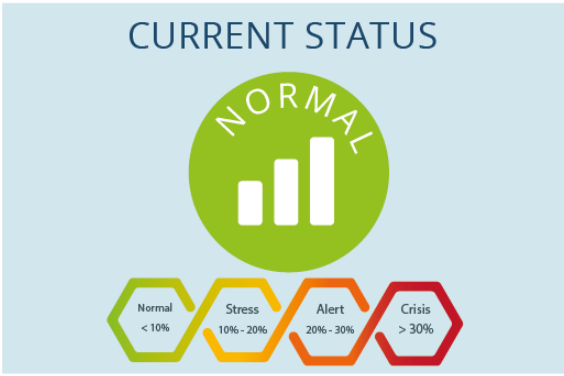
<sup>47</sup> The reference food basket includes 1.5 kg of lentils, 0.9 kg of frozen chicken, 1.5 liters of maize oil, 2 kg of pasta, 2.3 kg of rice, 1.4 kg of sugar, 5 kg of wheat flour and 15 eggs.

# IRAQ

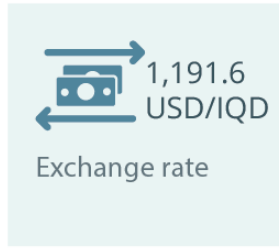
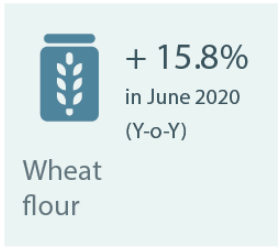
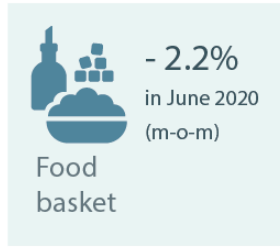
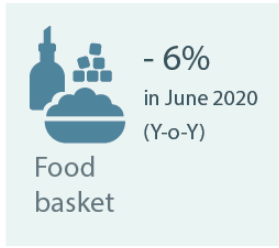
## KEY FIGURES AND TRENDS

- GDP growth is expected to shrink in 2020 at -6.5 percent – the lowest rate since 2003. Actual figures confirm the forecasted contraction, as real GDP has already declined by 9.4 percent in Q1 2020 over Q4 2019 and 1.8 percent over Q1 2019.

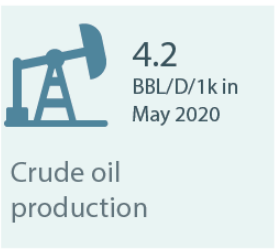
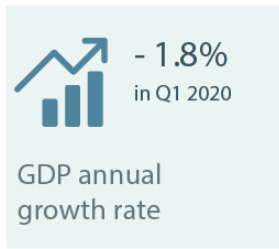
- Drop in oil prices is the main reason behind the contraction. Nevertheless, food prices come to lessen hardships with minor annual increase of 0.5 percent in H1 2020/H1 2019.



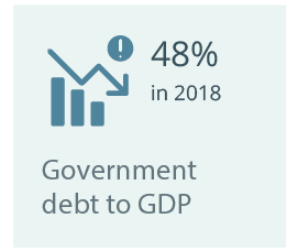
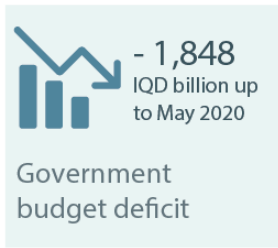
## MARKET INDICATORS



## ECONOMIC INDICATORS

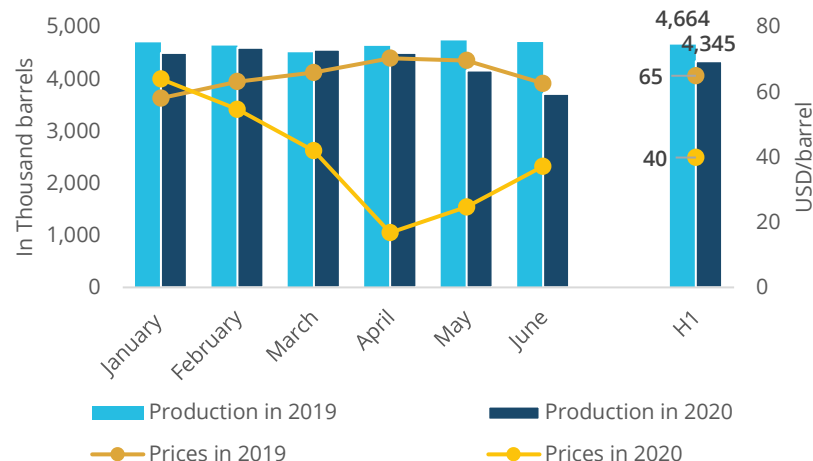


## ECONOMIC IMBALANCES



The pandemic has hard-hit the economy through general slowdown in business activity combined with a sharp decline in oil prices – the main source of government revenues. In the first half of 2020, Basrah light prices recorded an average of USD 40 per barrel, down from USD 65 in the corresponding period of 2019 (39 percent decrease). Similarly, oil production declined, though slightly, passing from 4.7

Figure 14: Oil production and Basrah light prices, Jan-June (2019 vs. 2020)



Source: OPEC

million barrels to 4.3 million barrels (-7 percent). In this context, GDP growth is expected to shrink in 2020 at -6.5 percent, the lowest rate since 2003. Actual figures of Q1 2020 confirm the forecasted contraction, as real GDP has already declined by 9.4 percent in Q1 2020 over Q4 2019 and by 1.8 percent over Q1 2019<sup>48</sup>. The decline in oil prices is the main reason, as the mining sector comprises alone more than 65 percent of real GDP and 38 percent of nominal GDP<sup>49</sup>.

Although the agricultural sector captured only 3.5 percent of nominal GDP in Q1 2020, it was the largest contributor to the growth of the non-oil sector during 2019, with an expansion of 39 percent. The government is investing heavily in that sector to boost local production and increase food availability, to tackle possible global supply shortages and/or delays in the supply chain. Among other measures, the Ministry of Agriculture revised Law No. 35 (1983), allowing farmers to rent 1.25 to 2.5 ha of government land for 10 to 25 years and establish orchards. Cereal production recorded above-average level in 2018/2019 agricultural season – 6.4 million tonnes (MT) –, with 60 percent increase in wheat production. According to United States Department of Agriculture, Iraqi wheat production in 2019 reached 4.8 MT. Production prospects for this year also indicate above-average harvest of around 4.7 MT<sup>50</sup>.

Prices came to lessen the economic burden of the pandemic as the reference food basket<sup>51</sup> reported a minor annual increase of 0.5 percent over the first half of 2020. Furthermore, prices in June 2020 were lower than in June 2019 (down 6 percent) and May 2019 (down 2.2 percent), reflecting a relative stabilization in national prices towards the end of the first half of 2020. On the front of government balances, Iraq is anticipated to record deficits for both current account and fiscal balance. As a percent of GDP, the current account deficit is to reach -9.7 percent and the fiscal deficit is to soar up to -20.1 percent in 2020. Moreover, public debt is seen to jump from a 3-year average of 58 percent between 2016-2018 to 66 percent of GDP between 2019-2021<sup>52</sup>. A more diversified economy is needed to hedge against the risky fluctuations of the oil sector.

<sup>48</sup> Quarterly national accounts report, COSIT

<sup>49</sup> Real GDP is based on constant prices, whereas nominal GDP relies on current prices

<sup>50</sup> Iraq Market Monitor Report, April 2020

<sup>51</sup> <sup>3</sup> The reference food basket includes of 6.75 kg of rice, 6.75 kg of wheat flour, 0.9 liters of vegetable oil, 1 kg of sugar and 1.8 kg of lentils

<sup>52</sup> FE dashboard, internal link

# JORDAN

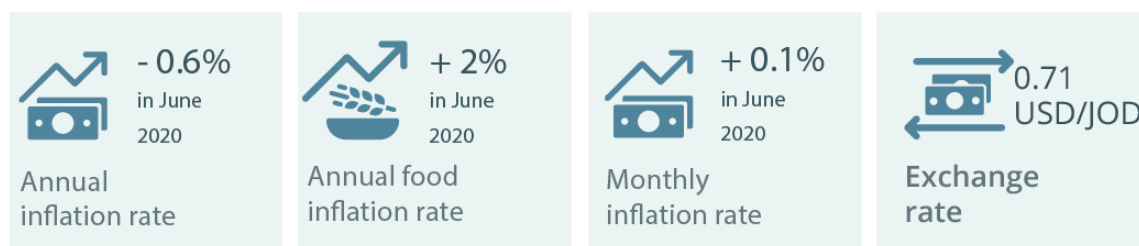
## KEY FIGURES AND TRENDS

- The economy is expected to contract to -4.1 percent in 2020, mainly due to the COVID-19 crisis.
- International trade contracted between January and March 2020 compared to the same period in 2019 - both in terms of exports and imports (down 11.7 and 21.8 percent, respectively).
- In May 2020, the average cost of a standard food basket was stable compared to May 2019, at JOD 20.28.

### CURRENT STATUS



## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



For the year 2020, the Jordanian economy is expected to contract to -4.1 percent, from 2 percent last year, mainly due to the effects of measures implemented to control the pandemic affecting both domestic and international economic activity. Yet, the economy is seen to rebound in 2021, reaching 3.1 GDP growth<sup>53</sup>.

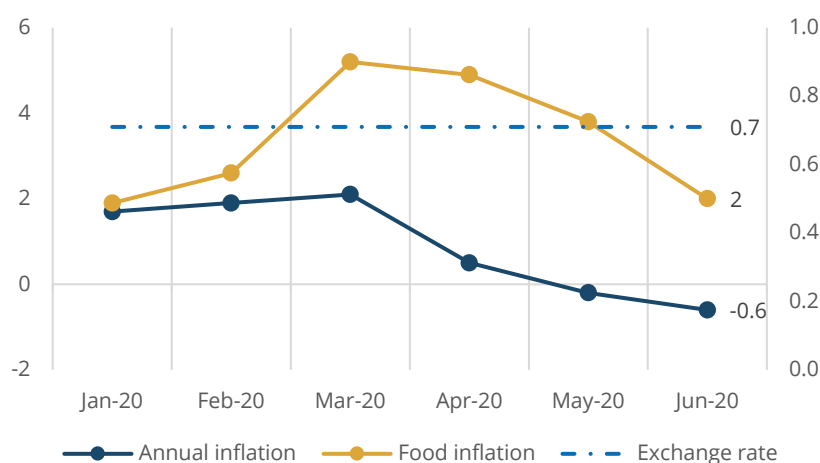
Between March and April 2020, the Jordanian government issued fiscal policies to alleviate the socio-economic impact of COVID-19 (e.g. sales tax exemption of certain hygiene items, introduction of price ceilings, postponement of custom duty collection, reduction of social security contributions from private sector establishments) as well as monetary policies (e.g. reduction of most policy rates by 50 basis points, postponement of loan repayments, reduction of interest rates)<sup>54</sup>. This has resulted in an increase in public expenditure and decrease in revenues, leading to a fiscal deficit of JOD 263.5 million in April 2020 (up 793.2 percent compared to April 2019). Public debt has also increased, passing from JOD 16,939 million in April 2019 to JOD 18,934 in April 2020.

International trade has also contracted between January and March 2020 as exports declined by 11.7 percent compared to the same period in 2019, while imports fell by 21.8 percent. Among exports, the largest declines were observed in mineral fuels (down 96 percent), chemicals such as phosphoric acid (down 74 percent) and tobacco (down 60 percent). In terms of imports, the largest decreases were observed among barley (no imports between January and March 2020), and power generating machinery and equipment (down 94 percent).

In June 2020, consumer prices went down 0.6 percent y-o-y, after decreasing 0.2 percent in May. Downward pressure mainly came from prices of housing and utilities (down 3.8 percent).

In terms of food prices, after recording a sharp increase in March – when COVID-19 pandemic started in the country, affecting consumer choices and behavior (e.g. panic buying) – food inflation gradually slowed down, reaching 2 percent in June from 5.2 percent three months earlier.

Figure 15: Inflation and exchange rate, Jan-Jun 2020



Source: Department of Statistics (DoS)

In June 2020, the average cost of a reference food basket<sup>55</sup> was stable at JOD 20.8, showing minimal variations compared to June 2019 (-1 percent) and January 2020 (-2 percent). The average cost of the food basket was also stable across the governorates of Jordan, except for Ma’an (up 11.2 percent compared to June 2019) and Madaba (up 8 percent). Ma’an also recorded the highest increase compared to January 2020 (up 10.3 percent).

<sup>53</sup> FocusEconomics forecasts

<sup>54</sup> [IMF – Policy Responses to COVID -19](#)

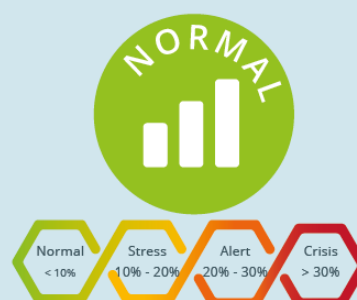
<sup>55</sup> The reference food basket includes 6 kg of bulgur, 16 pieces of picon cheese, 0.6 kg of cucumbers, 0.58 kg of eggs, 1.2 kg of lentils, 0.9 kg of chicken, 1 litre of vegetable oil, 1.5 kg of pasta, 4.5 kg of rice, 112.5 g of salt.

# LIBYA

## KEY FIGURES AND TRENDS

- Closure of oil ports and terminals caused oil production and exports to almost halt since January 2020, affecting growth.
- Current account is seen to become negative, representing -29.3 percent of GDP.
- After being stable in Q1 2020, the average cost of the food basket increased in April 2020 due to the compound effect of COVID-19 crisis and the higher demand for food during Ramadan.

### CURRENT STATUS



## MARKET INDICATORS



Annual  
inflation rate



Annual food  
inflation rate



Monthly  
inflation rate



Informal exchange  
rate

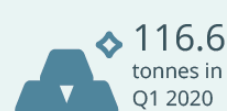
## ECONOMIC INDICATORS



GDP annual  
growth rate



Crude oil  
production



Gold reserves

## ECONOMIC IMBALANCES



Government debt  
to GDP



Current account

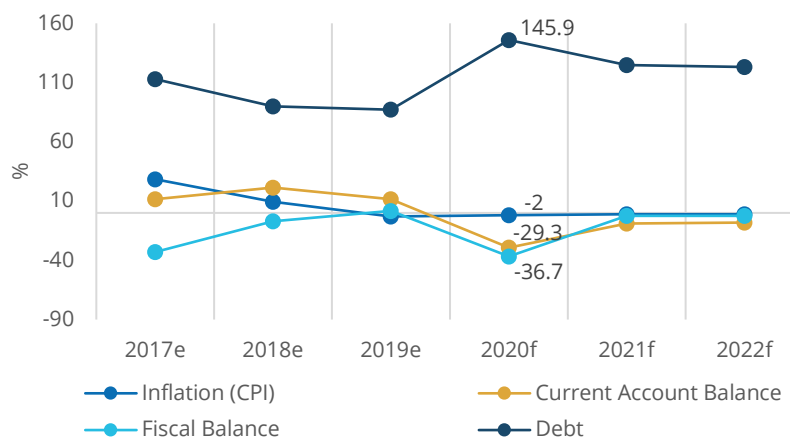


Fiscal deficit

The compound effect of protracted conflict and COVID-19 pandemic have further exacerbated the economic crisis affecting the country since the fighting around Tripoli began in April 2019.

Due to closure of oil ports and terminals, oil production and exports has almost halted since January 2020. Since Libya's economy is poorly diversified and heavily dependent on hydrocarbons, the reduction oil prices and the consequent

Figure 16: Estimates and forecasts for main macroeconomic indicators (2017-2022)



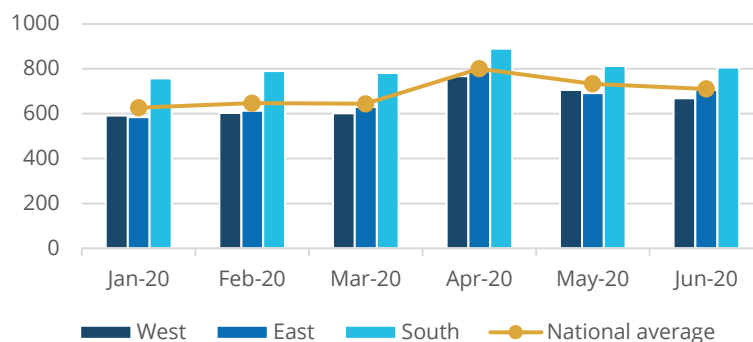
Source: World Bank

reduction in production and exports is expected to have a significant effect on GDP growth of the country – which is expected to fall by -19.4 percent in 2020, but then rebound by 22.2 percent in 2021<sup>56</sup>. In this context, annual inflation rate for the year 2020 is seen to be negative for the second consecutive year, at -2 percent, with little variation in the short to medium term.

Current account for 2020 is also expected to become negative, representing -29.3 percent of GDP. Libya is also expected to record a fiscal deficit corresponding to 36.7 percent of GDP. Yet, both indicators are expected to rebound – still, with negative sign – if oil production and prices will increase in the second half of 2020. Government debt for 2020 is seen to increase by 67.5 percent compared to 2019, representing 145.9 percent of GDP.

Figure 17: Food basket cost, Jan-Jun 2020

After being stable in the first quarter of the year, the average cost of a reference food basket<sup>57</sup> increased in April 2020 due to compound effect of the COVID-19 crisis and a higher demand for food during Ramadan. Since then, the cost of the reference food basket has stabilized; however, at level higher than January 2020 (up 13.4 percent), but slightly lower than June 2019 (down 4.6 percent).



Source: SNAP

The highest increase in the cost of the food basket observed between June and January 2020 was in the East (up 20.4 percent); yet, the mantikas recording the most expensive food baskets in June are Murzuq (LYD 953.6), Ubari (LYD 899) and Ghat (LYD 895.8) – all belonging to South. The food basket components whose prices saw the highest increase are milk (up 50 percent compared to January 2020), couscous (up 41 percent) and tomatoes (up 37 percent).

<sup>56</sup> World Bank - Libya's Economic Update, April 2020

<sup>57</sup> The reference food basket includes 700g of beans, 38 kg of bread, 6.5 kg of couscous, 4.5 pcs of eggs (30 pcs), 4.5 kg of tuna, 10 litres of milk, 6 litres of vegetable oil, 8 kg of onions, 11 kg of pasta, 5 kg of green peppers, 14 kg of potatoes, 12.5 kg of rice, 1 kg of salt, 2 kg of sugar, 2 kg of black tea, 12 kg of tomatoes and 7 kg of tomato paste.

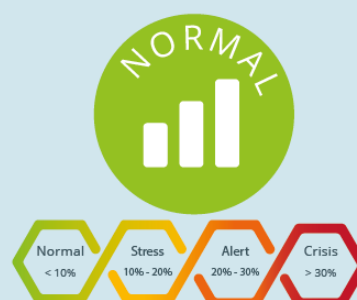


# PALESTINE

## KEY FIGURES AND TRENDS

- The Palestinian economy is forecasted to decline by 7.6 percent in 2020 as the COVID-19 crisis is affecting an already constrained economy struggling to emerge from the 2019 liquidity crisis.
- State of Palestine recorded a trade deficit of USD 335.3 million at the end of the first quarter of the year, mainly due to a decrease in commercial exchanges with Israel – a key trade partner.
- The average cost of a standard food basket in June 2020 was stable.

### CURRENT STATUS



## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



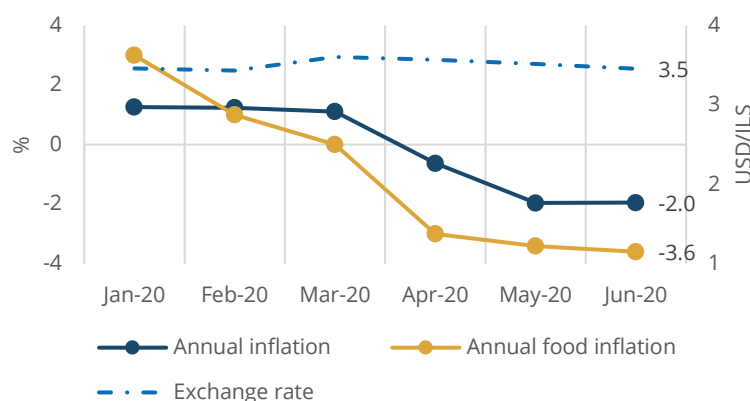
According to the World Bank, the Palestinian economy is forecasted to decline by 7.6 percent in 2020 as the socio-economic impact of COVID-19 is affecting an already constrained economy struggling to emerge from the 2019 liquidity crisis.

In late 2019 and early 2020, trade relationship with Israel deteriorated, as demonstrated by bans in imports and exports. The COVID-19 pandemic has further highlighted the linkages between trade and politics, which affected both internal commercial exchanges across territories in the State of Palestine and trade with Israel. Although commercial crossings between the West Bank and Israel remained mostly open, trade into Gaza has been halted sporadically. In this context, State of Palestine recorded a trade deficit of USD 335.3 million at the end of the first quarter of the year, corresponding to a decline by 8.1 percent compared to the last quarter of 2019<sup>58</sup>. At the end of Q1 2020, exports decreased 21.6 percent compared to Q4 2019; imports also saw a decrease compared to Q4 2019 (down 10.8 percent).

In terms of monthly variations in exports with key trade partners, exports to Israel decreased by 17 percent between March and February 2020, accounting for 82 percent of total exports in March; exports to other countries decreased by 14 percent during the same period. Imports from Israel decreased by 9 percent between March and February 2020, representing 53 percent of total imports. However, imports from other countries were stable showing a 1 percent increase compared to February 2020.

After being stable for the first three months of the year, annual inflation rate gradually decreased, reaching - 2 percent in June 2020. The declining trend is mainly driven by lower food prices, as annual food inflation rate has been decreasing since January, recording -3.6 percent in June 2020. NIS was generally stable throughout the first semester of the year; however, a slight currency depreciation was observed after February 2020.

Figure 18: Inflation and exchange rate, Jan-Jun 2020



Source: Palestinian Central Bureau of Statistics

According to the World Bank, inflation rates are forecasted to remain contained throughout 2020 and 2021 at a rate of -1 and 0.7 percent respectively<sup>59</sup>.

In line with declining inflation rates, the average cost of a reference food basket<sup>60</sup> in June 2020 was stable, recording an annual decrease by 0.9 percent and a minor increase of 0.5 percent increase compared to January 2020. Price of commodities which are the components of the basket – such as bread, chickpeas, lentils, maize oil and salt – remained stable both between June and January 2020 as well as in comparison to May 2019. In terms of geographical variations Jericho recorded the most expensive food basket (NIS 46.8) – higher than the national average by 16 percent – followed by Ramallah (NIS 45.8) and Bethlehem (NIS 45.6). North and South Gaza reported the least expensive food baskets (lower than the national average by 28.4 and 27.7 percent) at NIS 28.9 and NIS 29.2, respectively.

<sup>58</sup> [Palestinian Central Bureau of Statistics – The Preliminary Results of the Palestinian Registered External Trade in Goods, March 2020](#)

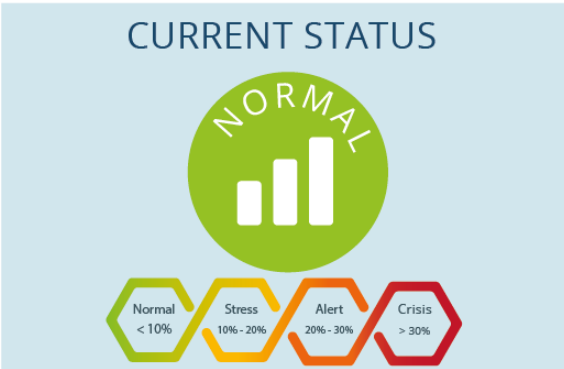
<sup>59</sup> [World Bank, Economic Monitoring Report, June 2020](#)

<sup>60</sup> The reference food basket includes bread (9kg), lentils (0.3 kg), salt (0.15 kg), chickpeas (0.45 kg), and maize oil (0.45 l)

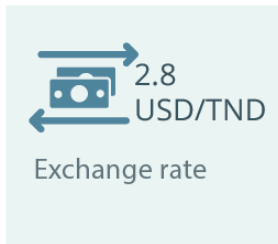
# TUNISIA

## KEY FIGURES AND TRENDS

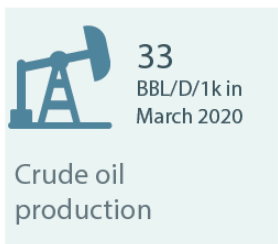
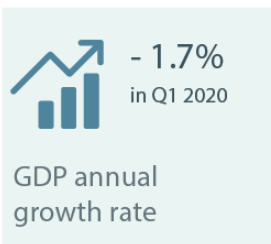
- In the first quarter of 2020, the economy contracted by 1.7 percent compared to the same quarter in 2019.
- International trade has also contracted during the first five months of the year as exports declined by 23.8 percent compared with the same period in 2019, while imports fell by 24.1 percent.
- Annual inflation was stable in Q1 2020, while annual food inflation was more volatile, particularly between March and April.



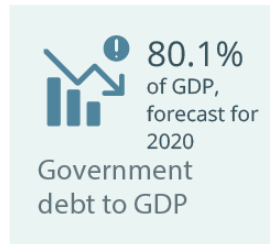
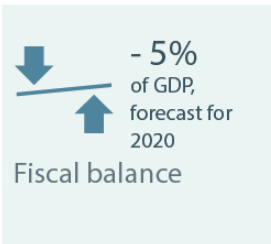
## MARKET INDICATORS



## ECONOMIC INDICATORS



## ECONOMIC IMBALANCES



In the first quarter of 2020, Tunisian economy contracted by 1.7 percent compared to the same quarter of 2019 and by 2 percent compared to the fourth quarter of 2019<sup>61</sup>. The sectors mainly affected are textile (-15.3 percent compared to Q1 2019), hospitality (-16.8 percent) and transport (-12 percent)<sup>62</sup>. COVID-19 played a role in the decrease observed.

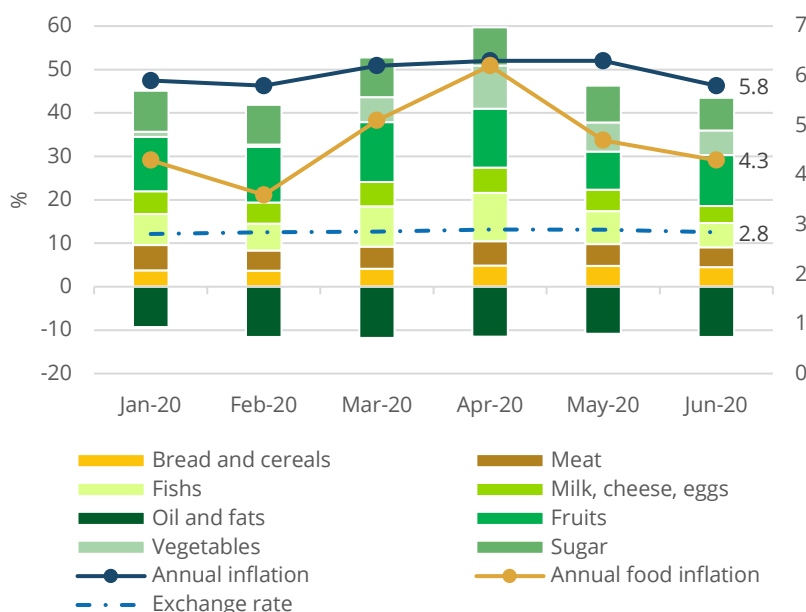
Unemployment rate was stable at 15.1 percent in Q1 2020, compared to Q4 2019<sup>63</sup>; however, workforce across the MENA region is often employed by the informal market, hence the number of unemployed might be higher, particularly in this semester as a result of the implementation of confinement measures to contain the virus such as lockdowns and reduction of working hours.

International trade has also contracted during the first five months of the year as exports declined by 23.8 percent compared to the same period in 2019, while imports fell by 24.1 percent. The largest declines were observed for manufactured goods (-34.4 of exports and -25.4 percent, of imports), energy (-25.1 percent of imports), and mining products and phosphates (-36.9 percent)<sup>64</sup>.

In terms of prices, annual inflation was stable during Q1 2020, showing a declining trend between April and June (from 6.3 to 5.8 percent). Between March and April – corresponding to the outbreak of the pandemic in Tunisia and the consequent implementation of curfews and lockdowns – annual food inflation increased from 3.6 in February to 6.3 in March and reached 6.4 in April. Starting from May, annual food inflation declined; however, remaining higher than pre-COVID-19 levels, at 4.3 percent in June.

The increase in price observed between March and April was mainly driven by panic buying, which also resulted into shortages of these items in some shops. Disruptions in supply chains due to curfew and restrictions of movements also affected quantities available and market prices; Ramadan also had an impact, mainly in April. This month recorded an annual increase in price of fresh products such as fruit (up 13.6 percent), fish (up 11.1 percent) and vegetables (up 9.9 percent). Despite the end of the lockdown the price of fruit was still elevated in June (11.7 percent higher than June 2019).

Figure 19: Inflation, exchange rate and variation in prices of main commodities, Jan-Jun 2020



Source: *Institute Nationale de la Statistique (INS)*

<sup>61</sup> [Institute Nationale des Statistiques – Communiqué de Presse](#)

<sup>62</sup> [Institute Nationale de Statistiques – Bulletin Mensuel des Statistiques, Mai 2020](#)

<sup>63</sup> [Institute Nationale des Statistiques – Indicateurs Clé](#)

<sup>64</sup> [Institute Nationale de Statistiques – Bulletin Mensuel des Statistiques, Mai 2020](#)



**vam**  
food security analysis

For further information, please contact:

**Siddharth Krishnaswamy**

Regional VAM Advisor

[siddharth.krishnaswamy@wfp.org](mailto:siddharth.krishnaswamy@wfp.org)

**Omneya Mansour**

Economics and Market Analyst

[omneya.mansour@wfp.org](mailto:omneya.mansour@wfp.org)

**Cinzia Monetta**

Market and Food Security Analyst

[cinzia.monetta@wfp.org](mailto:cinzia.monetta@wfp.org)