



Picture @WFP/Hussam Al Saleh

Highlights

The April 2023 standard reference food facing consumers reached SYP 511,686 (USD 78), which was 61 percent more expensive than a year ago, and nearly tripled in three years. The pro-longed crisis in Ukraine and its associated supply chain disruptions, continued depreciation of the Syrian pound, *among other factors*, have caused food prices to remain elevated.

The Minimum Expenditure Basket, a measure to count the cost of living, for a household of five members reached SYP 1,360,326 (USD 208) which was 60 percent more than a year earlier and 163 percent dearer than at the start of the current MEB series, September 2021. The socioeconomic conditions, depicted by the elevated cost of living, have deteriorated as purchasing power continues to be eroded by soaring inflation and loss of value of the Syrian pound. The monthly minimum wage at SYP 92,970 (USD 18) could only afford seven percent of the April 2023 minimum cost of living, as such, many vulnerable households risk prolonged struggle to put food on the table.

Following the Central Bank of Syria announcement of the devaluation of the Syrian Pound in early April 2023, the local currency traded at SYP 7,650 against the US dollar on the parallel market. The April parallel rate meant that the local currency depreciated by 49 percent in one year, fell by 59 percent in two years and lost 93 percent of its value since April 2019.

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Standard Food Basket

The April 2023 price of the standard reference food basket¹ eased for the first time in nine months, however, remained elevated by historical standards. At SYP 511,686, the WFP reference food basket cost for a family of five was almost the same as the previous month but was 61 percent higher than a year ago, and nearly tripled in three years. The conflict in Ukraine and its associated supply chain disruptions, depreciation of the Syrian pound against major currencies, climate change, *among other factors*, have caused food prices to rocket.

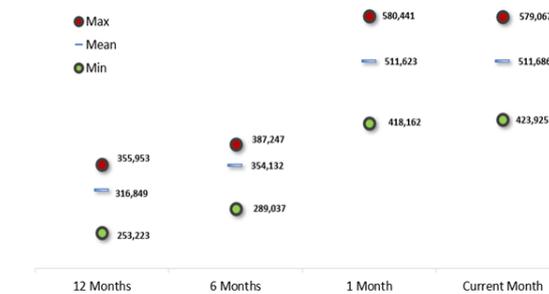
The year-on-year (y-o-y) upward pressure emanated from soaring prices of rice (up 129%), sugar (up 86%) and lentils (up 62%). The outlook ahead is uncertain given a weaker Syrian pound for a country that depends on food imports, and the high inflation environment weighing on purchasing power where the minimum wage was only able to purchase one fifth of the food basket in April 2023.

Al-Hassakeh governorate had the highest yearly percentage increase for the food basket, at 72 percent, followed by Quneitra at 67 percent then Idleb and As-Sweida at 66 percent (figure 1). Deir-ez-Zor and Ar-Raqqa had the lowest yearly increase among the governorates at 55 percent. In addition, the gap between the highest and lowest average food basket prices across the governorates increased by 51 percent in the last 12 months. This reflected some level of disparities in market conditions, especially supply routes, across the governorates.

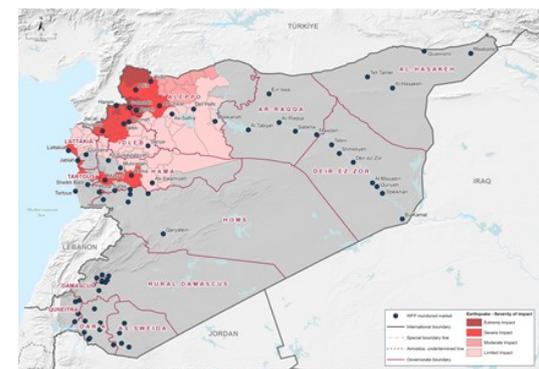
Figure 1: Food basket cost and changes, SYP

Governorate	April 2023	1 month change	6 months changes	12 months changes
Aleppo	491,866	0%	40%	58%
Damascus	554,067	-1%	43%	62%
Dar'a	579,067	0%	52%	64%
Deir-ez-Zor	423,925	1%	47%	55%
Hama	544,787	-1%	41%	63%
Al-Hasakeh	436,064	4%	42%	72%
Homs	522,325	-3%	36%	64%
Idleb	438,566	1%	50%	66%
Lattakia	564,397	0%	53%	59%
Ar-Raqqa	450,396	3%	42%	55%
Rural Damascus	548,718	-1%	42%	66%
As-Sweida	575,693	0%	50%	66%
Tartous	538,933	0%	44%	56%
Quneitra	570,472	2%	53%	67%
Average	511,686	0%	44%	61%

Chart 1: National min., max. and mean food basket



Map 1: Location of markets monitored by WFP, including earthquake affected areas.



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 2,060 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 liters of vegetable oil.



Minimum Expenditure Basket (MEB)²

MEB Trend

The Minimum Expenditure Basket (MEB), a measure to count the cost of living, for a household of five members remained almost unchanged between March 2023 and April 2023 at SYP 1,360,326. Despite the moderation, the April MEB was 60 percent more than a year earlier and 163 percent dearer than at the start of the current MEB series, September 2021.

Overall, food prices within the MEB were 59 percent higher in April 2023 than a year earlier. Increases in the price of onion (up 295 %) chicken (up 142 %) rice (up 127 %), apples (up 95%), and commercial bread (up 92 %) led much of upward trajectory.

The socioeconomic conditions, depicted by the elevated cost of living, have deteriorated as purchasing power continues to be eroded by soaring inflation and loss of value of the Syrian pound. The monthly minimum wage at SYP 92,970 could only afford seven percent of the April 2023 minimum cost of living, as such, many vulnerable households risk prolonged struggle to put food on the table.

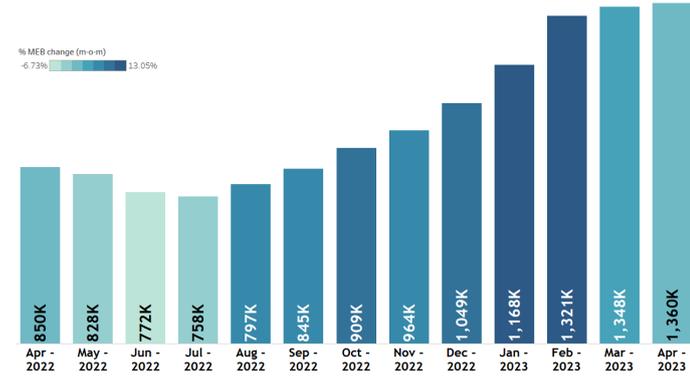
Worldwide food prices, freight costs and overall inflation trends

Global food prices, measured by the FAO Food Price Index³ (FFPI) rebounded slightly in April 2023 after almost a year of downward trend. The FFPI averaged 127.2 points in April 2023, up 0.6 percent from the previous month and standing 19.7 percent lower than a year earlier. The uptick reflected the steep increase in sugar and meat indices. Meanwhile, the Cereal Price index continued the downward trajectory. In April 2023, the index averaged 136.1 points, 1.7 percent lower than the previous month and nearly 20 percent below its value in the corresponding month last year. The monthly decline was on account of decreases in major grains which outweighed price increase in rice. Large exportable availabilities in the Russian Federation and Australia drove much of the decline in wheat prices.

The April 2023 International Grain Council's (IGC) Grains and Oilseed Freight Index (GOFI)⁴ increased for the second consecutive month, averaged 151. The monthly increase, up 6 percent, was led by increases in the ocean freight routes originating from Brazil (up 8 percent), Argentina (up 7 percent), and the Black Sea (up 5 percent).

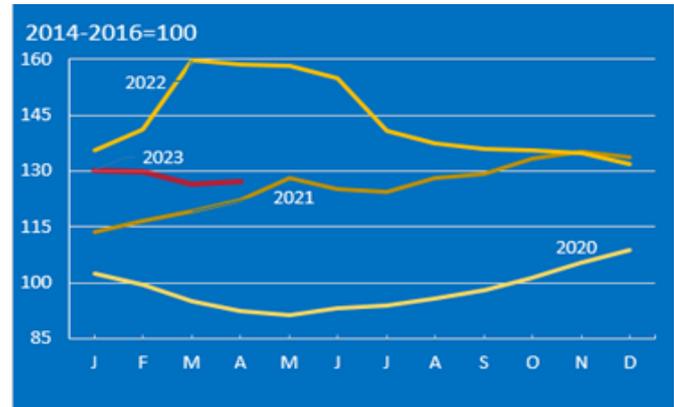
The region continued to experience high consumer prices⁵ in April 2023. Lebanon, whose economy is closely linked to Syria, had its headline inflation standing at 268.78 percent, 4.78 percentage points more than the previous month. Food inflation soared to 350 percent as the Lebanese pound continued to lose value in the aftermath of the 90 percent devaluation in February 2023. In Egypt, headline inflation was recorded at 30.6 percent, 2.1 percentage points lower than the previous month. Russia inflation eased to 2.3 percent while Ukraine inflation reached 17.9 percent, 3.4 percentage points lower than the previous month.

Chart 2: MEB Trend in Syria, SYP



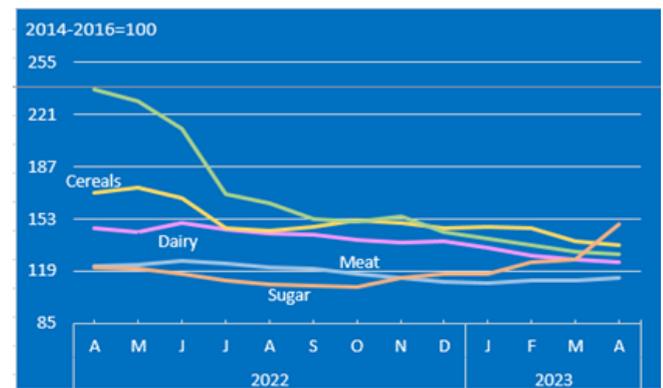
Source: Damascus Cash Working Group

Chart 3: FAO Food Price Index (2020 –2023)

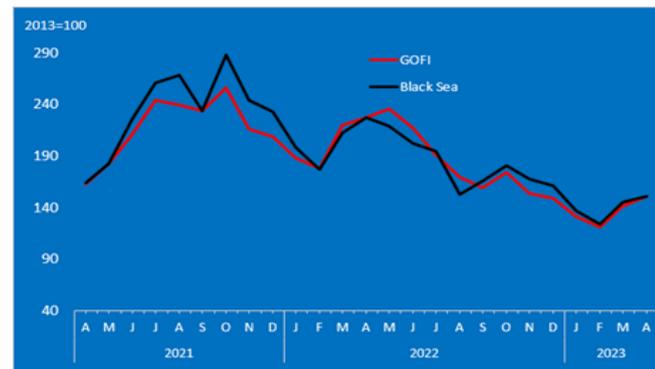


Source: FAO

Chart 4. FAO Food Commodity Price Indices (2020 –2023)



Source: FAO



Source: IGC GOFI

2. A Minimum Expenditure Basket (MEB) is defined as what a household requires to meet essential needs, conceptually equivalent to a poverty line. It includes the cost of good, utilities, services and re-sources required monthly. For Syria, it was developed through an interagency collaborative process under the Humanitarian Country Team Cash Working Group (HCT-CWG). 3. <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>; 4. <https://www.igc.int/en/markets/marketinfo-freight.aspx> 5. Trading Economics "Inflation Rate"

Retail prices for key commodities

Wheat Flour

An uptick in the nominal price of wheat flour was observed in April 2023. At SYP 6,588 per kilogram, the April prices was three percent more than the previous month and nearly twice as much compared to a year earlier when prices spiked at the start of the Ukraine crisis. In three years, the price of wheat has increased eleven times.

Regionally, southern areas recorded the highest average retail price at SYP 7,427/kg, almost double compared to the corresponding month last year. Cross-border region had the lowest price level at SYP 4,775/kg, up 81 percent y-o-y.

The continuation of the black-sea grain exports deal and the ongoing wheat harvests are likely to contribute to overall softer tone in the domestic market in the coming months.

Rice

The monthly nominal price of Egyptian white rice eased for the first time in nearly a year. At an average of SYP 8,228/kg as observed in April 2023, the cereal remained unchanged compared to the previous month, however, more than doubled in 12 months and increased eight-fold in three years.

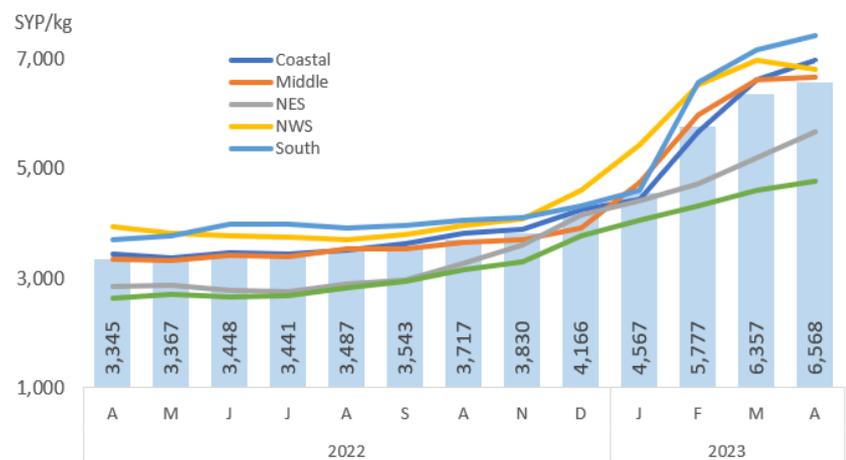
Regionally, southern areas recorded the highest, yearly, percentage in-crease at 150 percent while the coastal areas had the lowest percentage in-crease, at 99 percent.

Chicken and eggs

At the national average of SYP 24,812/kg, chicken (plucked) increased by 14 percent, m-o-m, in April 2023. This was the fifth consecutive monthly increase. The April price was 134 percent higher than same time last year and 13 times more expensive than three years ago. At regional level, the lowest observed price was at SYP 18,447/kg in north-east areas and highest at SYP 29,543 in southern areas.

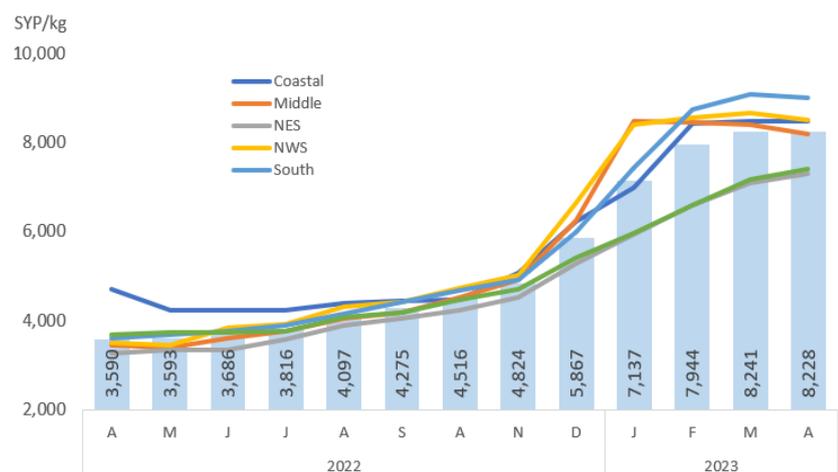
Related, the price of a carton of 30 eggs increased by five percent, m-o-m, to reach SYP 22,628. The April prices was 85 percent more than the corresponding month last year and 10 times more than three years ago.

Chart 6: Retail Prices of Wheat flour, SYP



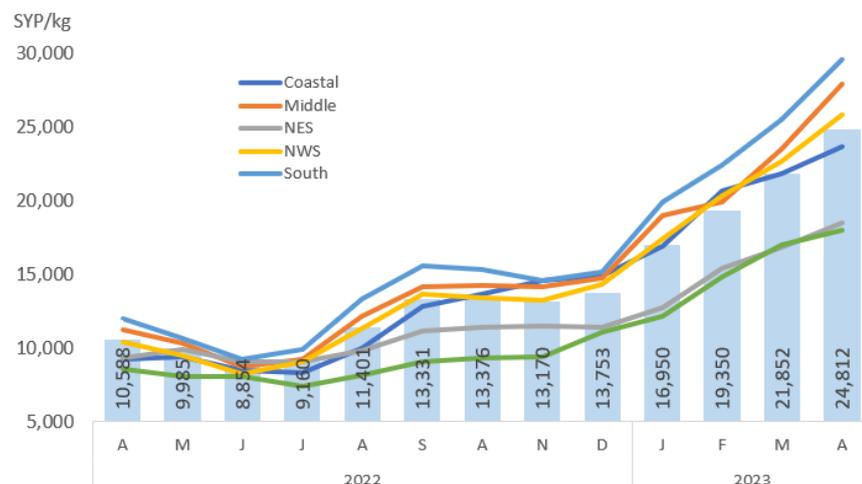
Source: WFP

Chart 7: Retail Prices of rice, SYP



Source: WFP

Chart 8: Retail Prices of Chicken, SYP



Source: WFP



Exchange rate⁶

The Central bank devalued the local currency in early April, the second time in 2023, to trade at SYP 6,532 to a US dollar from SYP 4,522. At the end of the month, the Syrian pound traded at an average of SYP 7,650/ USD on the parallel. The April parallel rate meant that the local currency depreciated by 49 percent in one year, fell by 59 percent in two years, and depreciated by 84 percent in three years. The local currency lost 93 percent of its value against the dollar since April 2019 (Chart 9).

While the policy measure resulted in decreasing the gap between the parallel rate and official rate to 18 percent from 65 percent in the previous month, current devaluations have been associated with increased food prices for a net-food importer. As depicted in Chart 9, exchange rate evolution in recent years Vis-à-vis food prices, using the WFP reference food basket as a proxy, currency depreciation have been closely linked.

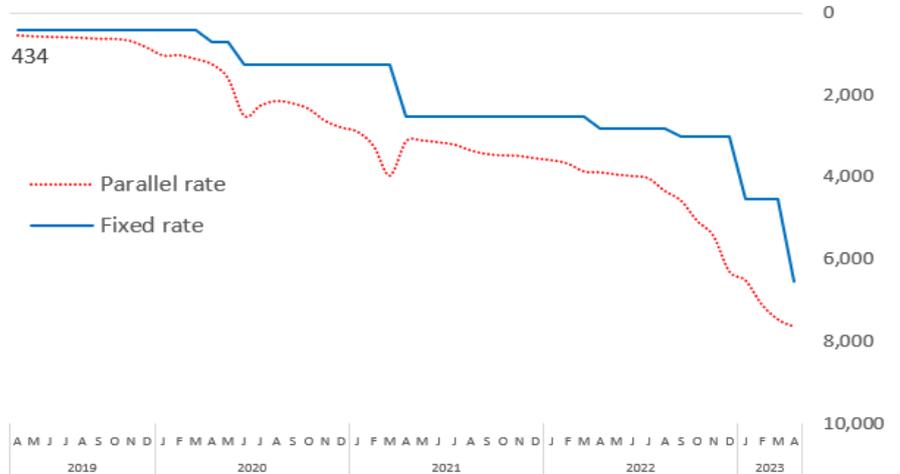


Energy prices

The national average price of informal transport diesel continued to be subdued in April 2023, denoting some level of improved availability. At SYP 6,284 per litre, the April price was six percent lower than the previous month but remained 48 percent higher than a year earlier, when nominal prices spiked at the start of the Ukraine crisis, and 15 times more than three years ago. Regionally, all areas experienced monthly decline except cross-border areas.

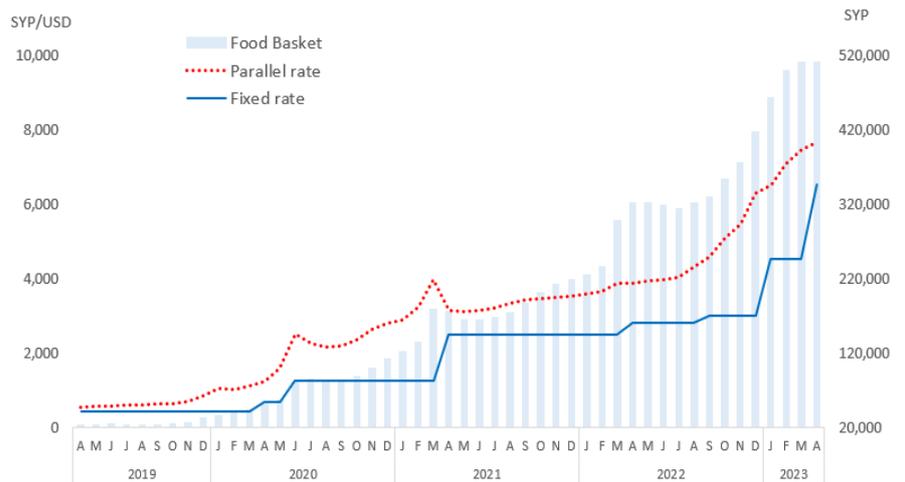
Related, the national average price of informal butane gas cylinder (25L) decreased for the third consecutive month to reach SYP 125,621 in April 2023, three percent lower than previous month but remained 47 percent more expensive than a year earlier. Warmer temperatures and relatively improved availability are likely to have led to subdued prices.

Chart 9: Exchange rate, SYP/USD, Inverted scale



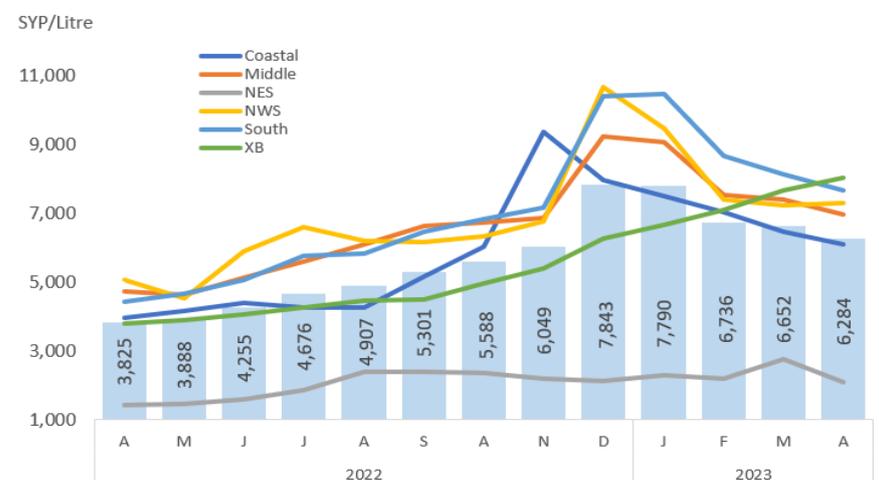
Source: WFP, CBS

Chart 10: Food basket cost and Exchange rate trends



Source: WFP

Chart 11: Price of diesel for transportation, SYP



Source: WFP

6: When measuring exchange rates, there are two quotations. The first is the direct quotation where the US dollar is the base of measuring the change in exchange rate against the local currency. The second one is the indirect quotation where the local currency is the base of measuring the change in the exchange rate against the US dollar. The change in the exchange rate used below reflects the indirect quotation (measuring how much has the Syrian pound improved (appreciated) or worsened (depreciated) against the US dollar).

Wage labour

An uptick in the national average of non-skilled wage was observed in the month of April 2023. At SYP 19,371/day, the April price was two percent higher than the previous month and up 76 percent y-o-y. The north-east region accounted for much of the yearly increase as its wage rate more than doubled (up 118%), while the coastal area only increased by 30 percent.

The April wage could buy 2.95 kilograms of wheat flour compared to 3.29 kilograms a year earlier. This denotes that rate of increase in the unskilled wage was been much lower compared to the corresponding increase in wheat flour, a key staple in Syria.

In June 2019, the monthly minimum wage was two times more than the cost of the food basket, however, by end of April 2023, less than four years, the monthly minimum wage could only buy one fifth of the food basket.

The significant increase in commodity prices have eroded people’s purchasing power without corresponding increase in wages. The cause of significant deterioration of Syrian’s purchasing power, as shown by the key economic events, include, *inter alia*, continued depreciation of the local currency, Lebanese economic crisis as the two economies are closely linked, Covid-19, Ukraine crisis, other policy inefficiencies, climate change, and the devastating earthquake in early February 2023.

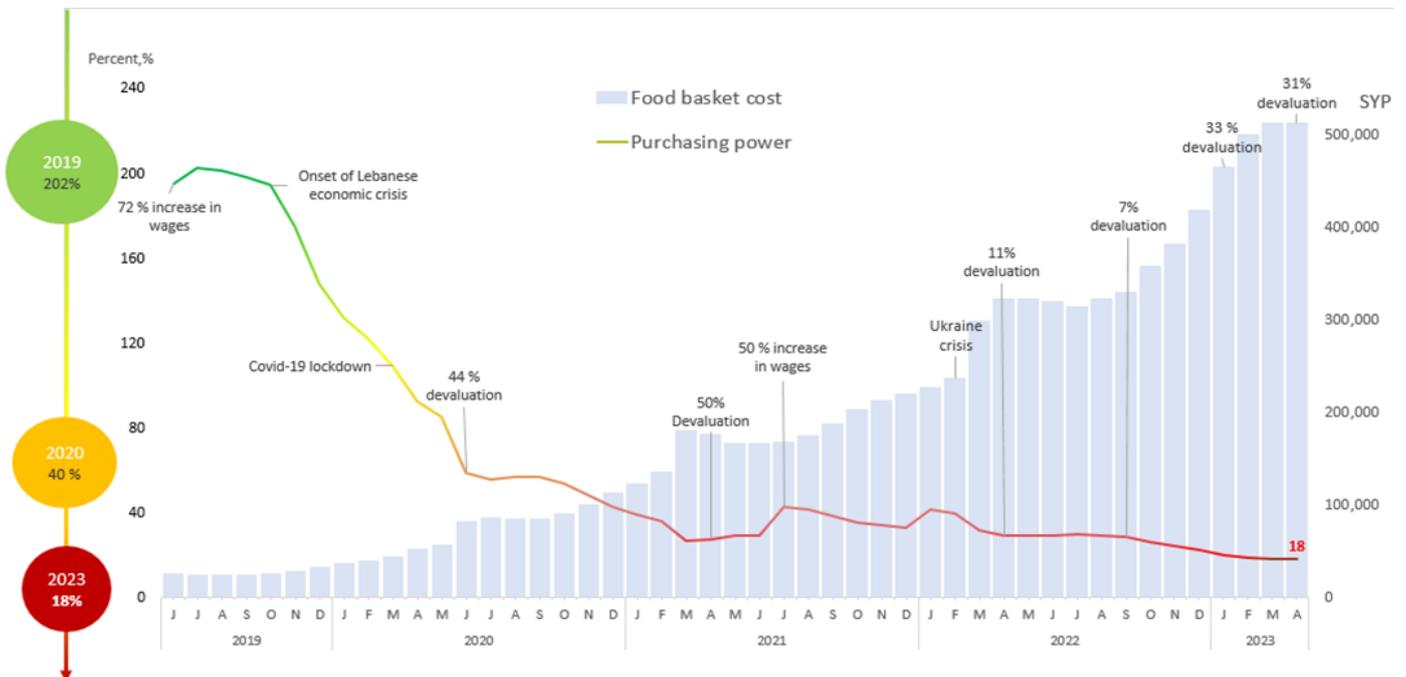
Since a significant population of the Syrian live in relatively urban setup and rely on markets, the eroding of the purchasing power may indicate increased numbers falling below basic needs threshold.



Purchasing power

To measure Syria’s compound economic challenges, a proxy measure of purchasing power as ratio of monthly minimum wage against cost of WFP reference food basket since second half of 2019 was constructed and depicted in chart 12.

Chart 12: Purchasing power



Source: WFP