



Syria Country Office

Market Price Watch

Highlights:

- In May 2014, the general Consumer Price Index (CPI) stood at 307.99. The Food CPI was 368.45, with breads and cereals at 363.67. The general inflation rate had increased by 114% from the same month three years earlier (May 2011).
- The average nominal retail prices of wheat flour and rice for October 2014 were SYP115/kg and SYP199/kg, respectively. This represents an increase of 187% (wheat flour) and 358% (rice) on October 2011 prices.
- October's average nominal retail prices for public and shop bread were SYP33/kg and SYP66/kg, respectively – rises of 10% (public) and 5% (shop) on the previous month.
- The average price for diesel in October was SYP142/litre, with a cylinder of butane gas costing SYP2,552/25kg). Between September and October 2014, the retail price of diesel underwent a significant increase of 14%, with a cylinder of butane up 5%. This represents an increase of 43% for diesel and 7% for butane in comparison to October 2013 prices.

A. Inflation and Consumer Price Index (CPI)

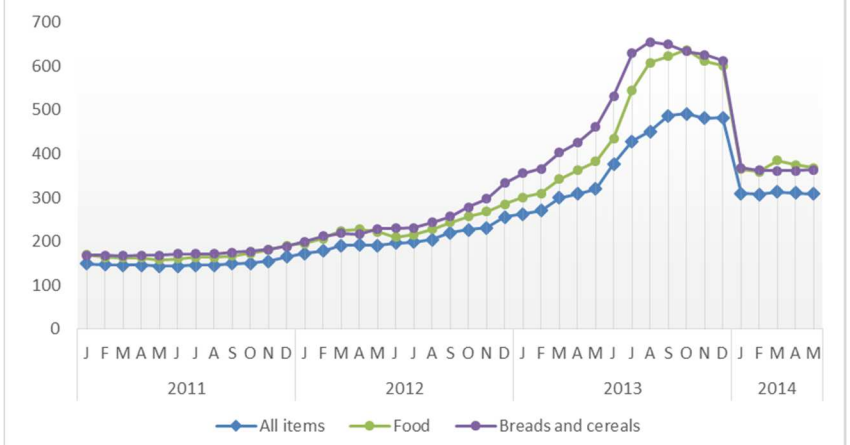
In May 2014, the general Consumer Price Index (CPI) was 307.99 while the Food CPI was 368.45 and that of bread and cereals stood at 363.67 (Figure 1).

The CPI hit an all-time high of 491.56 index points in October 2013.

The general inflation rate in May 2014 was 114% higher than that of May 2011. The inflation rate for all food has increased 133%; cereal and bread witnessed a rise of 113%. Food inflation in August 2013 reached an all-time high of 169%.

Based on a 12-month moving average, the general inflation rate decreased by 3.6%, while the food inflation rate fell by 3.7%.

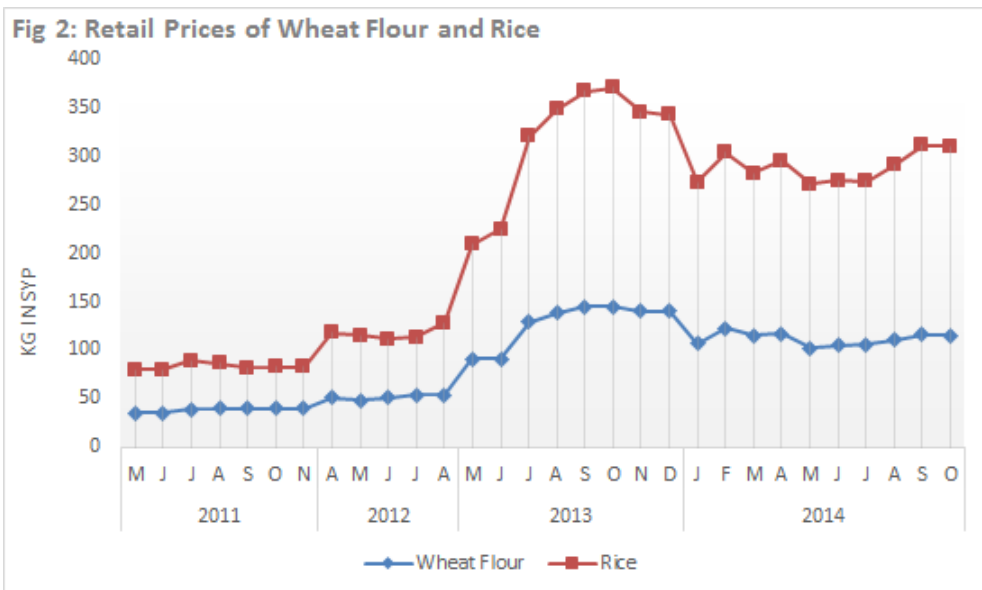
CONSUMER PRICE INDEX 2011 to 2014



1- The **CPI** is a measure of the average change in the prices of consumer items over time compared with a base year — goods and services that people buy for day-to-day living.

B: Retail Prices of Main Food and Non-Food Commodities

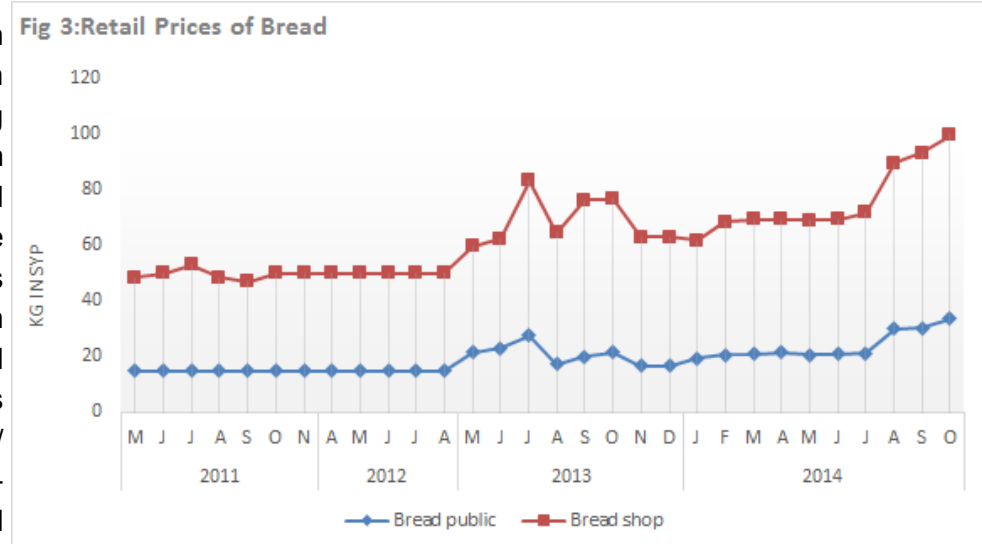
1- Wheat Flour and Rice: During October 2014, the average nominal retail prices of wheat flour and rice were SYP115/kg and SYP199/kg, respectively. This represents significant increases (187% for wheat flour and by 358% for rice) when compared to the same month in 2011. Since mid-2014, the average retail prices of both commodities have continued to rise steadily and a sudden uptick was observed in the last quarter of the year, attributed to conflict affecting food production, which stands at 38% below that of an average year. Recent hikes in fuel costs (and hence in transport costs) are expected to lead to further increases in food prices. In the absence of an aggressive import strategy to meet demand,



food prices will continue to skyrocket well into the lean season and vulnerable families will have to draw on their own resources. In general, similar trends are observed with other basic commodities, which will further worsen household food security given the high reliance of families on local markets. This could potentially result in continued population movements in search of humanitarian assistance or income generation opportunities.

Looking at the pattern of retail prices for wheat flour and rice across the main markets during the month of reporting, the highest price recorded for wheat flour was SYP186/kg (Deir Ezzor), with the lowest (SYP74/kg) in Aleppo. Deir Ezzor markets also had the highest price for rice (SYP288/kg) while Sweida market had the lowest (SYP90/kg) (See Table 1 for more details). Source: WFP monitors.

2- Bread: In October 2014, the average nominal retail prices of public (or subsidized bread) and shop bread were SYP33/kg and SYP66/kg, respectively – increases of 10% and 5% on September 2014 prices (Figures 3). These rises are mainly due to the continuing fluctuation in the price of fuel, combined with political uncertainties and ongoing local conflict, which may result in an increase in prices of food and other essential commodities. Since July 2014, the average retail prices for both types of bread have risen by approximately 50 percent and have reached even higher levels than those observed during July/August 2013. Looking at the pattern of retail prices of shop bread across the main markets during the month of reporting, the highest price found was SYP200/kg (Dara'a) and the lowest was recorded in markets in Hama, Homs, Lattakia and Tartous (SYP30/kg). Cha'ar market of Aleppo had the highest price for public bread (SYP75/kg) while Hama, Homs, Lattakia, Sweida, Tartous and Damascus markets had the lowest (SYP25/Kg) (See Table 1 for more details). Source: WFP monitors.

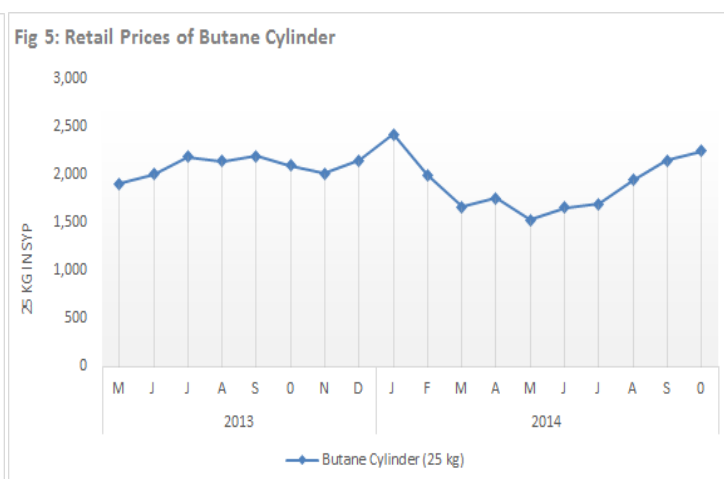
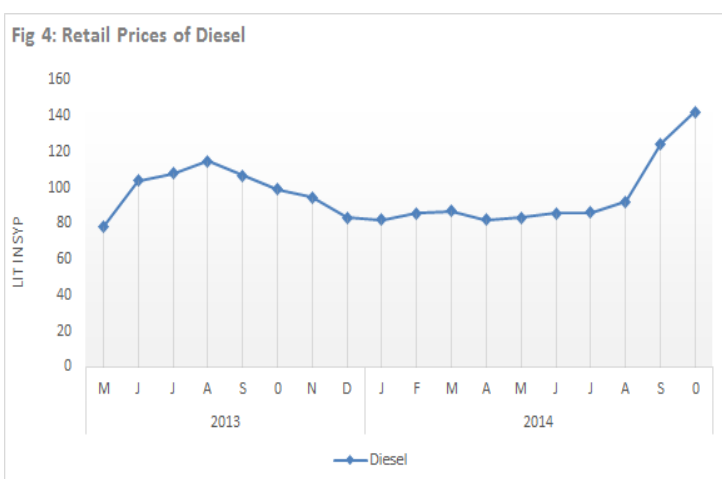


3– Diesel and Butane:

The official price for diesel is SYP80/l, and SYP1,050/25kg for a cylinder of butane gas. However, market prices differ; for October 2014, the average price of diesel in 26 markets across the country was SYP142/l and SYP2,552 for a 25kg cylinder of butane gas. Between September and October 2014, the average retail prices of diesel increased significantly by 14%, with a smaller increase of 5% for a cylinder of butane. Compared to the same month last year, diesel is up 43% and a cylinder of butane is up 5% (Figures 4 and 5).

The rise in the retail prices for diesel and cylinders of butane stem from a combination of several factors, including fuel shortages, conflict, poor security and social unrest in some areas, and the gradual removal of fuel subsidies by the government. In addition, a seasonal increase in demand occurs as winter approaches. Prices may however decline as winter gives way to spring.

Looking at the pattern of retail prices across the main markets during the month of reporting, the highest price for diesel was SYP375/l, reported in the Mzereb market of Dara'a governorate. The lowest price was in Hasakeh market (SYP50/l). Raqqa markets had the highest price for butane (SYP5300 for a 25Kg cylinder), while Tartous markets reported the lowest (SYP1,200/25Kg). (See Table 1 for more details).

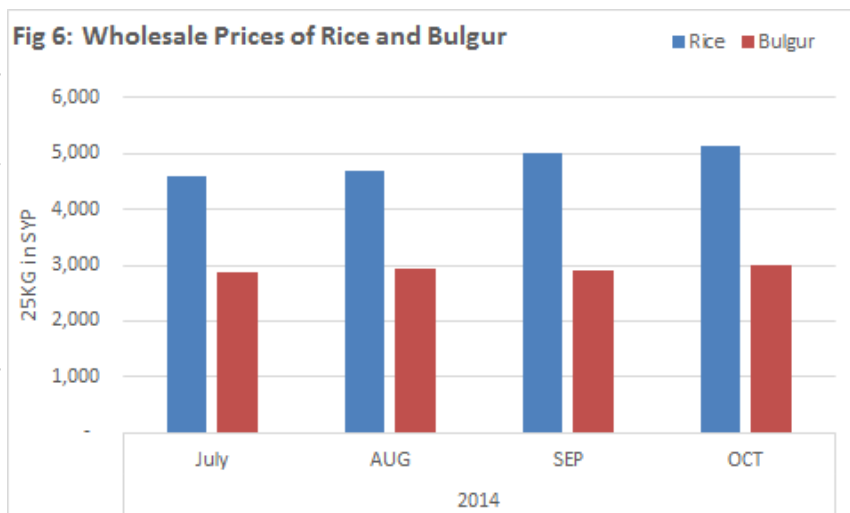


C. Wholesale Prices of White Rice and Bulgur in Damascus

In October 2014, the average wholesale price for rice was SYP5,150/25kg, and SYP2,290 for 25kg of bulgur. Between September and October 2014, the average domestic nominal wholesale prices of both commodities increased by 2.7 percent. Source: WFP Procurement Unit and monitors.

D. Food Supply to Markets

During the month of reporting, the supply of essential food commodities has continued as normal in most parts of the country, save for disruptions in several locations due to fighting; namely, Quneitra, Dara'a and Rural Damascus. Furthermore, Idleb and Rural Aleppo, as well as the north-eastern governorates, are also witnessing an interruption of food supply to local markets due to sporadic fighting and bombardment. In contrast, the coastal governorates, Sweida, and Damascus, are experiencing better food supply to main and/or secondary markets compared to previous months. Source: WFP monitors



F. Terms of Trade:

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

⇒ TOT between wage labour and wheat flour

In October 2014, the nominal average daily wage rate was SYP1,750. The average TOT between the daily unskilled labour wage rate and the retail price of wheat flour stood at 15.2kg/daily wage.

⇒ TOT between sheep and wheat flour

During the reporting month, the average price of a two-year old male sheep was SYP30,000. The national average TOT between a sheep and wheat flour was 150.75kg/sheep.

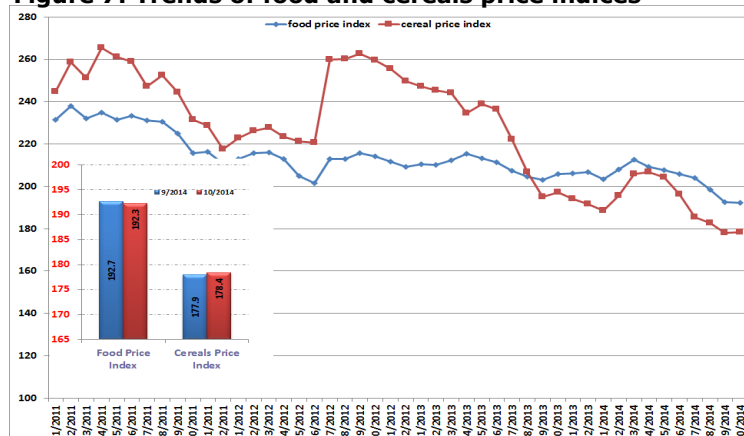
F. International Market prices

The FAO Food Price Index averaged 192.3 points in October 2014, slightly (0.2%) below the September figure but 14.3 points (6.9%) short of its corresponding level one year ago. The FAO Cereal Price Index averaged 178.4 points in October, with no change from September, but 18.2 points (9.3%) lower year-on-year.

After five months of steep falls, international wheat prices experienced a slight increase of 2.4% between September and October 2014, mainly due to harvest delays in the United States (maize) and deteriorating prospects in Australia (wheat). On the other hand, rice prices tended to soften on newly harvested supplies and a slowing pace of sales.

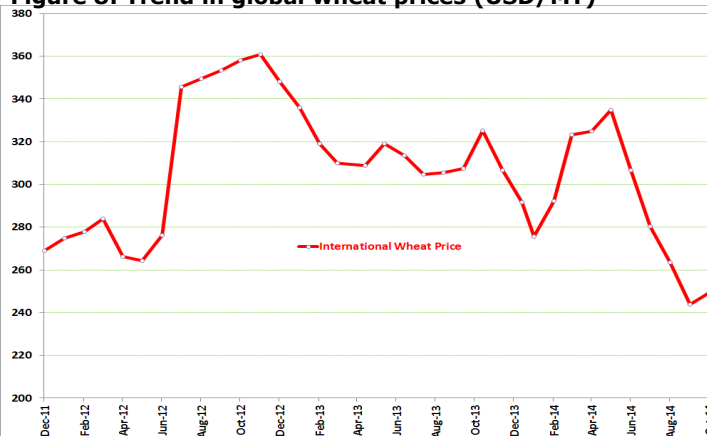
The international wheat prices are significantly lower than those recorded during the same month last year by 24 percent (Figure 9). The decline in the international wheat prices is unlikely to affect the domestic prices positively. Given the fact that the domestic wholesale and retail prices of wheat in Syria are largely determined by the local harvest and big importers and their agents, the slight drop in the international prices may not be exactly reflected domestically (Figure 2 vs Figure 7 and 8).

Figure 7: Trends of food and cereals price indices

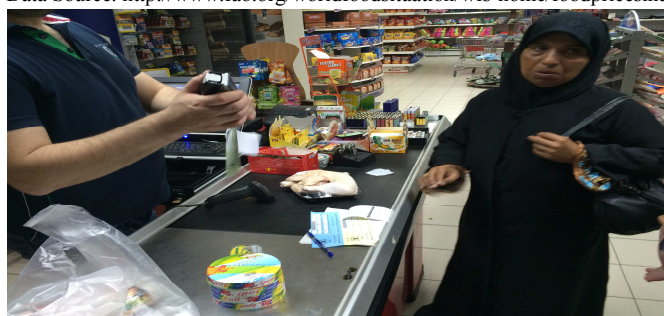


Data Source: <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

Figure 8: Trend in global wheat prices (USD/MT)



Data Source: <http://www.indexmundi.com/commodities/?commodity=wheat>



For further information please contact:

Ahmad Shah Shahi and Bashar Akkad

WFP Country office Syria at:

Ahmadshah.shahi@wfp.org

Bashar.akkad@wfp.org

