



KEY HIGHLIGHTS

Prices of key food commodities:

The third week of February 2023, nearly three weeks after the devastating earthquake, nominal food prices continued to remain high in the affected areas. The price of the staple bread increased by 20 percent, week-on-week, in Aleppo, six percent in Hama and Idlib, and mild increase in coastal region but still the nominal price doubled in Lattakia compared to same time last year. The sheer volume of destruction to bakeries provided the explanation for the volatility. Soaring prices were also observed for lentils, oil, sugar and rice across the governorates (Fig 1).

Fig 1. Price trends of key food commodities, SYP

Governorate	Commodity	Percentage change from previous period			
		Feb-W3	1W	1M	1Y
Aleppo	Bread (commercial)	6,600	▲ 20%	▲ 28%	▲ 168%
	Lentils	10,875	▲ 2%	▲ 12%	▲ 113%
	Oil	18,938	▼ -1%	▶ 0%	▲ 92%
	Sugar	7,296	▲ 1%	▲ 4%	▲ 144%
	Rice	8,563	▶ 0%	▲ 2%	▲ 201%
Aleppo XB	Bread (commercial)	4,662	▲ 3%	▲ 7%	▲ 84%
	Lentils	6,978	▲ 1%	▲ 5%	▲ 62%
	Oil	12,461	▲ 6%	▲ 13%	▲ 86%
	Sugar	5,450	▶ 0%	▶ 0%	▲ 59%
	Rice	7,378	▲ 6%	▲ 18%	▲ 99%
Hama	Bread (commercial)	6,007	▲ 6%	▲ 19%	▲ 131%
	Lentils	10,167	▶ 0%	▲ 5%	▲ 117%
	Oil	19,100	▼ -1%	▲ 2%	▲ 101%
	Sugar	7,360	▶ 0%	▲ 10%	▲ 154%
	Rice	8,500	▶ 0%	▲ 4%	▲ 214%
Lattakia	Bread (commercial)	5,744	▲ 2%	▲ 9%	▲ 109%
	Lentils	10,833	▶ 3%	▲ 18%	▲ 126%
	Oil	19,722	▼ -1%	▲ 17%	▲ 118%
	Sugar	7,033	▶ 0%	▲ 4%	▲ 148%
	Rice	8,778	▼ -5%	▲ 20%	▲ 210%
Idlib	Bread (commercial)	4,134	▲ 6%	▲ 13%	▲ 107%
	Lentils	7,277	▲ 7%	▲ 12%	▲ 72%
	Oil	13,744	▲ 4%	▲ 8%	▲ 75%
	Sugar	6,771	▲ 5%	▲ 8%	▲ 111%
	Rice	6,756	▲ 9%	▲ 11%	▲ 131%
Tartous	Bread (commercial)	3,167	▶ 0%	▼ -15%	▲ 22%
	Lentils	10,389	▶ 0%	▲ 25%	▲ 140%
	Oil	18,389	▲ 1%	▼ -6%	▲ 95%
	Sugar	7,211	▼ -1%	▲ 15%	▲ 139%
	Rice	8,278	▼ -2%	▲ 20%	▲ 93%

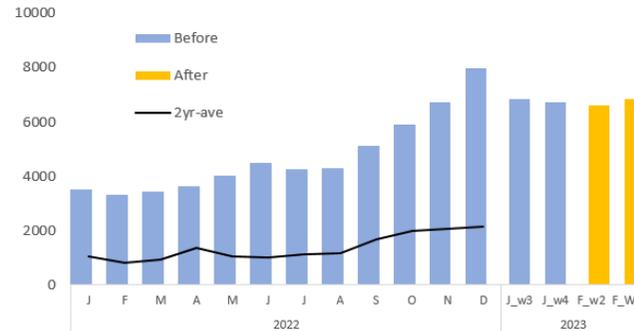
Prices of diesel

Diesel features in everything from agriculture production, heating and transportation. In Lattakia, the nominal price was observed at SYP 6,833 in the 3rd week of February 2023, three percent more than the previous week (soon after the earthquake), doubled in 12 months, and 14 times more than three years ago. Diesel prices also doubled within 12 months in all the heavily affected areas of Tartous (up 126%), Aleppo XB (up 103%), Aleppo (up 161%), Hama (up 162%) and Idlib (up 176%).

Policy-wise, Government revised upwards, effective 1st March 2023, the price of diesel (and also petrol and gas) for international organizations and also to now be purchased in US dollars. Related, the Government also increased the cost of octane 95 fuel, sold outside the subsidised smart card system, by 15 percent to SYP 6,600 per litre on account of high import costs.

The increased inflationary pressures stemming from the rise in fuel prices will remain a hurdle to taming food inflation.

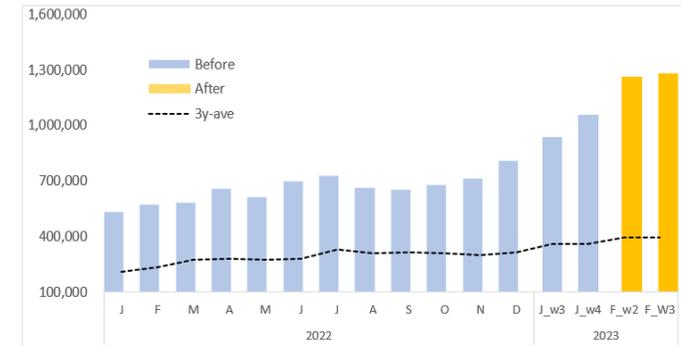
Fig 2. Price trends of diesel on the parallel market in Lattakia



Prices of livestock

Elevated prices levels continued to be observed for the nominal price of a two-year old male live sheep in the third week of February 2023. In Aleppo, at SYP 1,281,250 /sheep, the price was 20 percent higher than just before the earthquake, doubled in 12 months, and three times more than the three-year average. Similar trends, over the 12 month-period, were observed for Lattakia (up 91%), Hama (up 131%), Idlib (up 93%) and Aleppo XB (160%).

Fig 3. Price of a two-year old male live sheep in Aleppo



Convergence of informal and official 'floating' exchange rates

During the trading in February 2023, the Syrian Pound averaged around SYP 6,860/USD on both the parallel market and the official 'floating' exchange rate market, early signs of market-clearing exchange rate. The Central Bank of Syria-CBS introduced the floating exchange rate, running parallel to the fixed exchange rate at SYP 4,522/USD, on 2nd February to cater for remittances, and thereafter earthquake funds. Since then the parallel rate and official floating exchange rates have moved in tandem and literally converged in second half of the month.

Fig 4. Exchange rates in February 2023, SYP/USD

