WFP VAM & Supply Chain Unit
Lebanon

Economic Situation Analysis

Monitoring results for FSSWG meeting (Oct 2019 to Feb 2020)
Purchasing Pattern Assessment

March 2020
Summary

• Supply Situation
• Availability of food supplies
• Access to shops
• Purchasing Patterns
• Exchange rate
• Price development
• Conclusion
A decrease of 49.6% in the unloaded imports weight is registered between June 2019 and February 2020.

Unloaded import weight started decreasing steadily from June 2019 and onward. An increase is noted between September 2019 and October 2019 (22.2%), mainly driven by an increase in cereals and ceramic product imports.

A decrease of 40.4% is registered from October to November 2019.

The month on month changes from November onward are: (-5.2%) in December 2019, 15.6% in January 2020, and (-11.9%) in February 2020.

Source: Port of Beirut data, 2019/2020
Port of Beirut Food & Beverages Imports Movement from September 2019 until February 2020

- A decrease of 25.1% in the unloaded imports weight of Food & Beverages is registered between June 2019 and February 2020.
- An increase is noted between September 2019 and October 2019 (48.6%), mainly driven by an increase in cereals imports and animal fodder.
- A second increase is noted between December 2019 and January 2020 (54.9%), mainly driven by an increase in cereal imports, animal and vegetable fats and oils, and live animals.
- A decrease of 26.1% is registered from October to November 2019.
- The month on month changes from November onward are: (-5.6%) in December 2019, 54.9% in January 2020, and (-14.6%) in February 2020.

Source: Port of Beirut data, 2019/2020
Monitoring results for FSSWG meeting (October 2019 to February 2020)
Stock coverage of WFP contracted shops (as of 29th February 2020)

13% of shops have 1-2 weeks stock
19% of shops have 2-3 weeks stock
23% of shops have 3-4 weeks stock
45% of shops have more than 4 weeks stock

→ 87% of WFP contracted shops say they have more than 2 weeks of stock

- Total number of shops (including chains): 393
- Number of shops have been contacted: 391
- Number of shops reachable: 380

Source: Weekly Shop Phone Survey – as of 29th February
17% of shops witnessed disruptions from suppliers compared to 10% of the previous month.

83% of shops did not witness disruptions from suppliers

Source: Weekly Shop Phone Survey – as of 29th February
21% of shops affected by a change in the number of food ecard beneficiaries visiting the shop compared to 2% for the previous month.

79% of shops not affected by a change in the number of food ecard beneficiaries visiting the shop (e.g. overcrowding or bulk purchases)

Source: Weekly Shop Phone Survey – as of 29th February
Purchasing Patterns Analysis based on WFP retail information
Purchasing Patterns Analysis based on WFP retail information

Research question: How have purchasing patterns for Syrian and Lebanese evolved since the beginning of the public unrest?

• Two groups of customers: Syrian and NPTP.

• Analysis:
  • Top 10 food groups in Sale Value ($) and attributed a rank for each month.
  • Changes of top food 10 food groups ranking mapped out for each customer group.

• Period of time: September 2019 to January 2020.
Top 10 Food Group Purchased and their Rankings for Syrian Beneficiaries (by Sale Value)

- White & Brown sugar was the top ranked food group in January 2020, after rising from the second place in December 2019.
- Sunflower Oil became the second ranked food group item from December 2019 and onward, after being the top ranked food group at the onset of the crisis.
- Black tea, Margarines, Milk Powders, and Ground Coffees remained ranked 3rd, 4th, 5th and 6th respectively throughout the crisis.
- Egyptian Rice rose from the 13th place in September to the 7th place by January 2020.
- Virgin Oil dropped from the 8th place to the 14th place by January 2020. Similarly, Indian rice dropped from the 9th place to the 15th places over the same period.
- Bulgur was ranked 10th in September 2019. By January 2020, it was ranked 9th.
- Tomato and Pasta sauces rose from the 12th place in September 2019 to the 10th place in January 2020.

Source: WFP retail data, 2019/2020
Top 10 Food Group Purchased and their Rankings for NPTP Beneficiaries (by Sale Value)

<table>
<thead>
<tr>
<th>Rank</th>
<th>September 2019</th>
<th>October 2019</th>
<th>November 2019</th>
<th>December 2019</th>
<th>January 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 1</td>
<td>Sunflower Oil</td>
<td>White &amp; Brown Sugar</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 2</td>
<td>White &amp; Brown Sugar</td>
<td>Ground Coffee</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 3</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 4</td>
<td>Margarines</td>
<td>Ground Coffee</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 5</td>
<td>Milk Powder</td>
<td>Ground Coffee</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 6</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 7</td>
<td>Black Tea</td>
<td>Ground Coffee</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 8</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 9</td>
<td>Cheese (Hard &amp; Soft Cuts)</td>
<td>Ground Coffee</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
<tr>
<td>Top 10</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Ground Coffee</td>
<td>Margarines</td>
<td>Cheese (Portions &amp; Triangles)</td>
</tr>
</tbody>
</table>

- Sunflower Oil remained the top ranked food group from September 2019 to January 2020.
- White & Brown Sugar rose from the 3rd place in September 2019 to the 2nd place by January 2020. Ground Coffee on the other hand, dropped from the 2nd place to the 3rd place over the same period.
- Margarines remained the 4th ranked food group throughout the period. Milk powder dropped from the 5th place to the 6th place, while Black tea rose from the 7th place to the 5th place during the same period.
- Cheese (Portions & Triangles) dropped from the 6th to the 7th rank, while Cheese (Hard & Soft Cuts) fluctuated between the 8th and the 12th rank, before ending ranked 9th in January 2020.
- Italian Rice rose from the 10th to the 8th place over the evaluated period of time. Egyptian Rice rose from the 18th place in September 2019 to the 10th place in January 2020.

Source: WFP retail data, 2019/2020
Key Take Away

• Egyptian rice saw the highest increase in ranking in term of sales value for both Syrian and NPTP beneficiaries.
  • For Syrian beneficiaries, it rose from the 13th place in term of sale value in September 2019 to the 7th place in January 2020.
  • For NPTP beneficiaries, it rose from the 18th place to the 10th place over the same period. Similarly, Italian Rice ranking in term of sales value increased over the same period, rising from the 19th places to the 11th place for Syrian beneficiaries between September 2019 and January 2020, while it rose from the 10th place to the 8th place for NPTP beneficiaries.

• While Sunflower Oil was the top ranked food group in term of sales value for both Syrian and NPTP beneficiaries in September 2019, it became the 2nd ranked food group for Syrians, while remaining the 1st for NPTP.

• White & Brown Sugar sales value increased for both target groups, becoming the top ranked food group for Syrian beneficiaries (against 2nd ranked in September 2019) and the 2nd ranked food group for NPTP beneficiaries in January 2020 (against 3rd ranked in September 2019).
Exchange Rates and Price Developments
The Consumer Price Index (CPI) witnessed an inflation of 8.4% between September 2019 and January 2020.

The Food Price Index registered an inflation of 18.7% for the same period.

The CPI month-on-month changes are: 1.4% in October, 2% in November, 2.7% in December, and 2.1% in January 2020.

The food price index month-month changes are: 1% in October, 4% in November, 6.4% in December, and 6.2% in January 2020.

By January 2020, the annual change in the food price index was 14.5% (between Jan 2019 & Jan 2020). For the CPI, it was 10%.

Source: Central Administration for Statistics (CAS)
The CPI is divided into 12 expenditure categories, with different weights for each.

- Housing costs (which includes rent, water, electricity and gaz) holds the highest weight (28.4%), followed by food & non alcoholic beverages (20.6%), followed by transportation (13.1%) and health (7.7%).

- Alcoholic Beverages & Tobacco category witnessed the highest inflation rate between September 2019 and January 2020 (33.2%), followed by Household furnishing (19.7%), and food and non alcoholic beverages (18.7%).

- Transportation increased by 10.5% between September 2019 and January 2020, while Housing Costs increased by 3.5% for the same period.

- Health was the only category to witness a decrease during the same period (-0.2%)

Source: Central Administration for Statistics (CAS)
Weekly exchange rate development based on contracted retailers’ feedback (national level)

- In December 77% of the suppliers charged WFP contracted shops between 2000-2250 LBP and 2% of the suppliers charged WFP contracted shops above 2250 LBP.

- In January 2020, 93% of the suppliers charged WFP contracted shops between 2000-2250 LBP and 3% of the suppliers charged WFP contracted shops above 2250 LBP.

- In February 2020, 82% of the suppliers charged WFP contracted shops above 2250 LBP. Only 14% of the suppliers charged WFP contracted shops between 2000-2250 LBP.

Source: WFP retail data, 2019/2020
Daily (official and unofficial) exchange rate development between November 2019 and February 2020

- Increased volatility in markets led to first parallel market rate spike on November 27th at 2200 LBP.
- Stabilization of rate between 2000 LBP & 2100 LBP for most of December.
- Increased volatility and uncertainties at the political level, pushed rates to the 2500 LBP barrier on January 8th.
- On January 22nd, syndicate of exchanges set a maximum buy value of 2000 LBP. Black market emerges with a higher rate.
- Black market rate has been increasing steadily since its emergence. Rate hovering around the 2500 LBP barrier from mid-February onward.

Source: http://lebaneselira.org
In February 2020, the national food basket price was approx. 49,651 LBP. The highest food basket prices were found in Beirut (53,422 LBP), and the lowest in Akkar (47,996 LBP).

Approx. 36 percent weekly food price (SMEB basket) increase between the week of the 14th of October 2019 and the week of 24th of February 2020.
Monthly average change of SMEB food basket price in % per Governorate – October to November 2019

Source: WFP price data, 2019 & 2020, as of 29 Feb 2020, subject to changes
Monthly average change of SMEB food basket price in % per Governorate – December 2019 to February 2020

Source: WFP price data, 2019 & 2020, as of 29 Feb 2020, subject to changes
Thanks!
Questions?

WFP Lebanon

VAM Unit & Retail Unit