

Key Findings:

- The cost of the food portion of the MEB across all regions has increased overall by **1 percent** between May and June 2022. The cost showed an increase in the South (**+3%**), the West (**+2%**), and has decreased by (**-2%**) in the East, this was mainly driven by a decrease in prices of some items such as peppers (**-23%**), onions (**-11%**), Potatoes (**-8%**), Salt (**-8%**), Canned Tuna (**-5%**), and eggs (**-4%**).
- The southern region continues to report the highest price levels in June 2022 (higher than the national average by **5 percent**) compared to the West and East. (**3 percent** higher and **6 percent** lesser than the national average respectively).
- Prices have witnessed temporary stabilization in May 2022 since the spike in April 2022 that was mainly due stock piling of food items in Ramadan. However, in June 2022, the national price of the MEB has increased from **801.98 LYD** to **808.13 (+6 LYD)**.
- Although the national average retail prices of most key commodities are showing signs of stabilization between May and June, prices are quite above levels since the beginning of the Ukraine conflict. The price of vegetable oil is higher by **33%**, Flour by **19%**, Chicken Meat by **33%**, and Couscous by **86%** compared to January 2022.
- The cost of the food MEB has increased by **16 percent** between January 2022 (pre-conflict levels) and June 2022, and an annual increase of **33 percent** since June 2021. Across the three regions, the west reported the highest annual increase (**40 percent**), followed by the South (**27 percent**), and the East (**25 percent**).
- The cost of the overall MEB (Including food and non-food items) had increased by **14 percent** between January 2022 (pre-conflict) and June 2022. And an annual increase of **30 percent** since June 2021. The fuel portion of the MEB (Cooking Fuel) had **decreased** by **9 and 23 percent** across the East and West respectively, however it has **increased** by **88 percent** in the South between May/June 2022. (+14 LYD). This is mainly due to the high imposed transportation fees on truck drivers on road check points between south areas, and variation in quality of gas tanks depending on area (distance) of transportation.

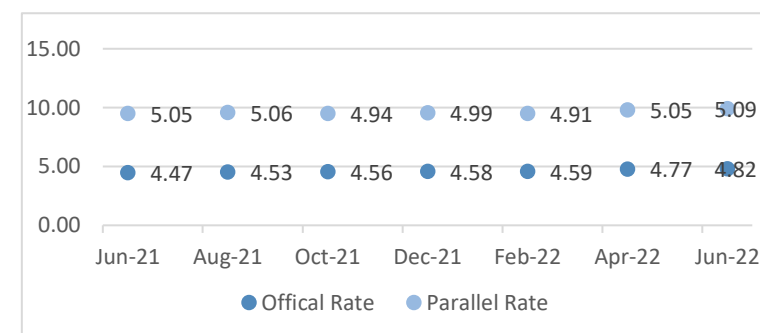
MEDIAN COST OF FOOD MEB BY REGION BETWEEN MAY AND JUNE 2022

South	852.0 LYD	+3%
West	834.0 LYD	+2%
East	762.8 LYD	-2%
Overall	808.1 LYD	+1%

MEDIAN COST OF FUEL PORTION OF THE MEB

Item	Median Price in June 2022	Change Since May 2022
South	30.00 LYD	+88%
West	20.00 LYD	-21%
East	25.00 LYD	-9%
Overall	21.00 LYD	-3%

Figure1: Official Vs Parallel Exchange Rate (USD/LYD)



Minimum Expenditure Basket:

The Minimum Expenditure Basket (MEB) represents the minimum culturally adjusted group of items required to support a five-person Libyan household (HH) for one month. The cost of the MEB can be used as a proxy for the financial burdens facing households in different locations. The MEB's contents were defined by the CMWG in consultation with relevant sector leads.

MEB key elements include 18 food items, 6 non-food items including hygiene items

Figure 2 shows that the price trend for the total MEB continues to move in a steep direction (**30 percent** higher in June 2022 compared to June 2021), and **14 percent** higher between January 2022 (Pre-Conflict) and June 2022. The overall increase in the MEB since the beginning of Ukrainian war is mainly driven by an increase in the food portion of the MEB +16% and the hygiene proportion of the MEB +10%.

Figure 3 shows the price trend for the food portion of the MEB continues to move in a steep direction (**33 percent** higher in June 2022 since June 2021). The cost of the food portion of the MEB remains **16 percent** higher in June 22 compared to the pre-conflict (January 2022). The south kept recording the highest price levels. (**5 percent** higher than the national average) followed by the West (**3 percent** higher than the national average), and the East was (**6 percent** less than the national average.)

Figure 2: Cost of Complete MEB over the past year

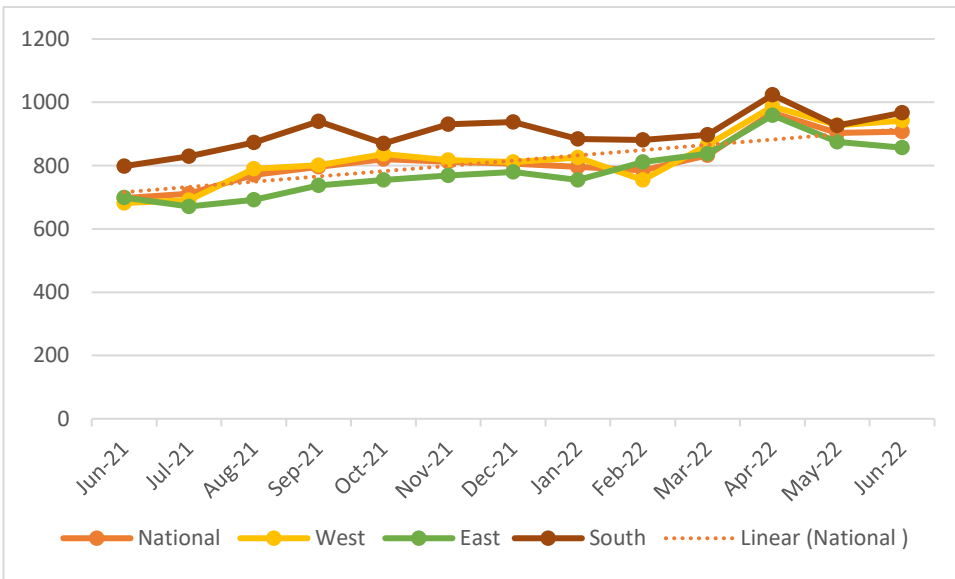
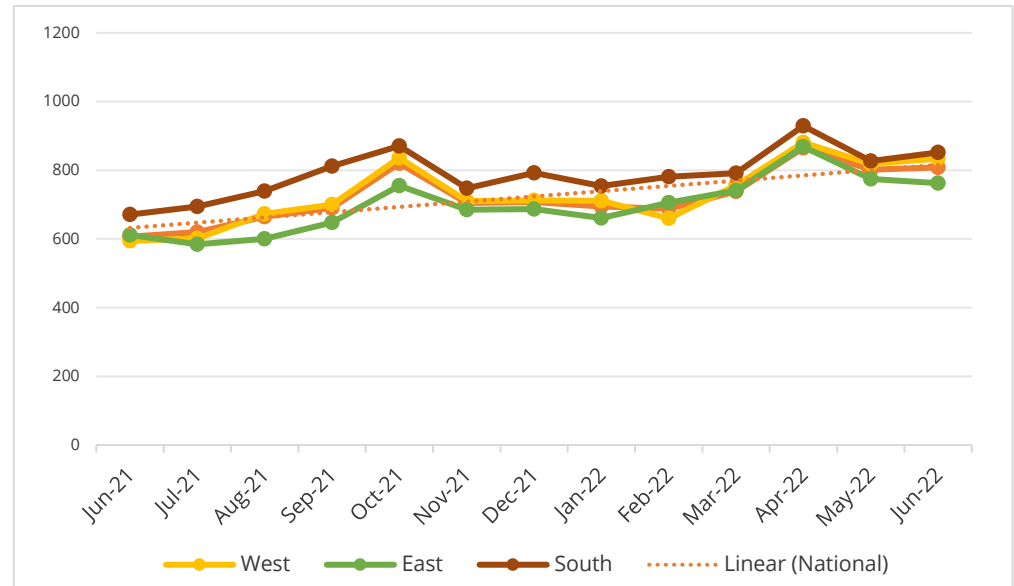


Figure 3: Cost of Food Portion MEB Trend Over the Past Year



Food Prices

In June 2022, prices of key commodities show signs of stabilization, however, prices are still above level since the beginning of the conflict in January 2022. The price of vegetable oil is higher by **33%**, Flour by **19%**, Chicken Meat by **33%**, and Couscous by **86%** compared to January 2022.

Figure 5 shows that the median price of most frequently consumed commodities was higher in the **south**, for example prices of couscous were **27%** higher than the national average, eggs were **10%** higher than the national average. On the contrary, prices of Vegetable Oil and Chicken Meat were **17%**, and **4%** higher in the West. The South recorded the cheapest price for vegetable oil and chicken. This is relatively because of households' weak purchasing power for these commodities due to i) previous increase in prices beyond affordability and ii) household resort to low quality commodities hence most commodities available in market are lower quality commodities than those available in the East and West.

Figure4: Median Price Trend of Key Commodities (LYD) Since January 2022

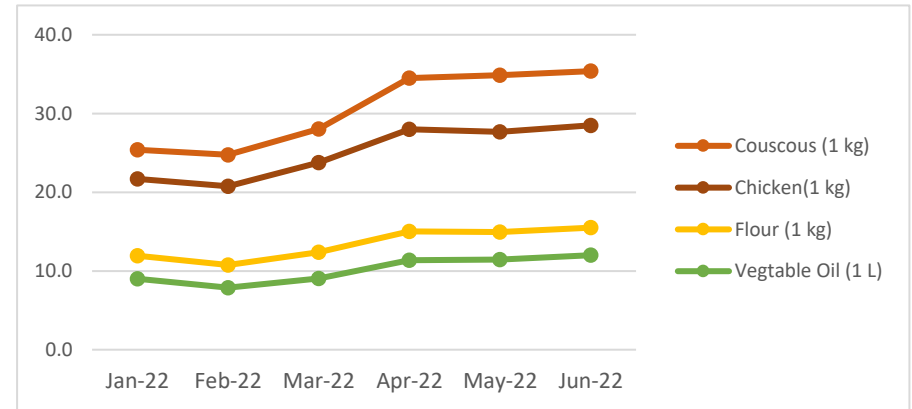
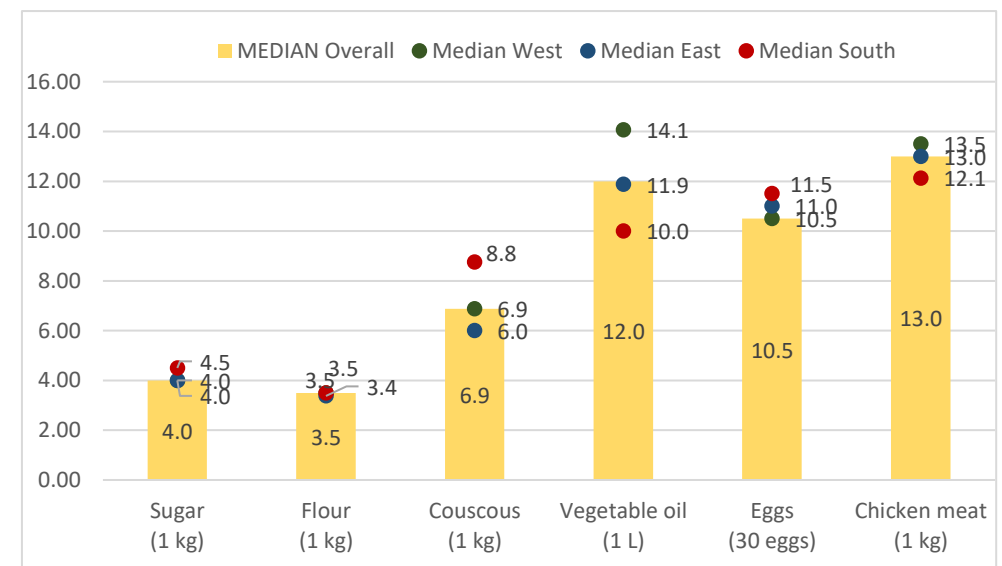


Figure5: Median prices in June 2022 for selected commodities per region



Macroeconomic Overview:

Since mid-December 2021, there have been multiple production disruptions in Libya due to weather-induced port closures, infrastructure maintenance issues, and shutdowns by armed groups. Oil production in January 2022 recorded its lowest level since October 2020 (1.08 mb/d).¹

Libya witnessed a 20 percent drop in their oil production levels between Q2 2021 and Q1 2022. Political instability and shutdown of oil ports and facilities led to a drop in oil production levels to 629 thousand barrels/day in June 2022. Should the shutdown persist, decrease in oil production levels might outweigh increase in crude oil prices².

Oil revenues account for 94 percent of government revenues, given the drop in oil production levels, the government can resort to the option of cutting public expenditures given that 64 percent of government expenditures are allocated to salaries.³ The effect on household wages in contrast to increased food prices negatively affects the purchasing power of vulnerable households. In March 2022, the food inflation rate increased to 5.5 percent⁴ and annual inflation rate recorded an increase of 5.7 percent in March 2022.⁵

Figure6: Libya Oil Production Levels, thousands barrels/ day

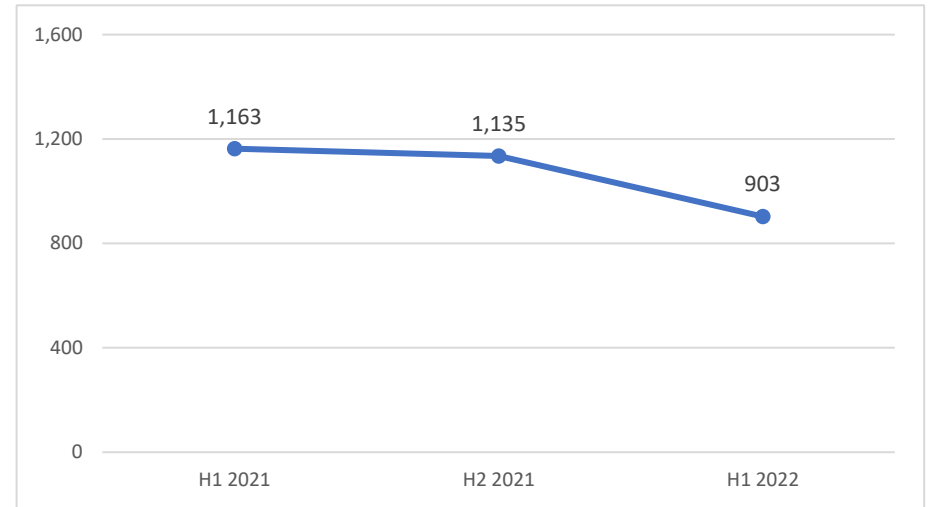
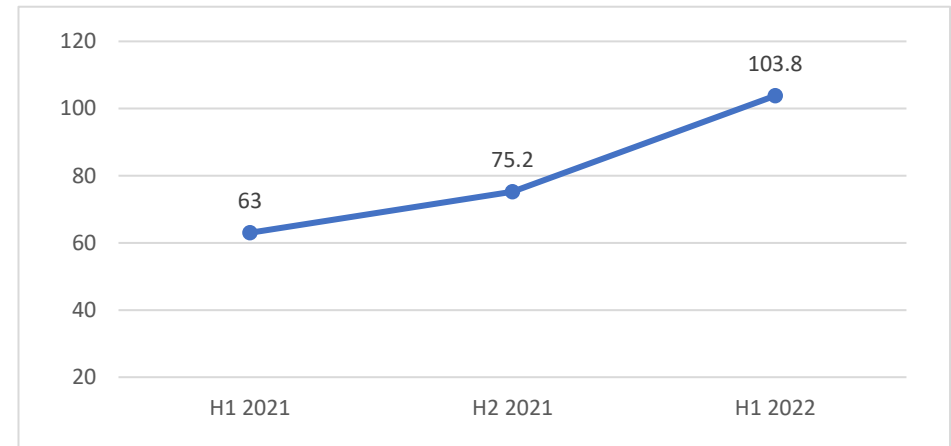


Figure7: Libya Oil Prices, USD/Barrel





References:

¹ World Bank Libya's Economic Update <https://docs.wfp.org/api/documents/WFP-0000124997/download/>

²WFP regional Market Analysis 2022

³Ministry of Finance , Banking Operations Department in Central Bank of Libya <https://cbl.gov.ly/uploads/2022/06/1Q-2022-Economic-Bulletin.pdf>

⁴ <https://tradingeconomics.com/libya/food-inflation>

⁵Central Bank of Libya <https://cbl.gov.ly/en/uploads/sites/2/2022/05/Consumer-Price-Index-2015-to-March2022.pdf>

*This brief on market price updates for Libya during the months of May and June 2022. The figures above were developed using the data collected for the “Libya Joint Market Monitoring Initiative” (JMMI) during the first half of the months. WFP contributed to the data collection in parts of Libya through our partners in 20 municipalities. Data collected was processed, cleaned, and analyzed by REACH initiative to generate median prices for different components of the minimum expenditure basket used here in this analysis. <https://www.reach-initiative.org/where-we-work/libya/?pcountry=libya&dates=01%2F2022-+08%2F2022&ptype=&subpillar=cash>



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