Highlights
○ The September 2022 standard reference food basket increased by 40 percent since the onset of the crisis in Ukraine, up 76 percent compared to a year earlier, reaching SYP 329,526 (USD 109 at the official exchange rate of SYP 3,015). Supply chain disruptions and uncertainties, especially for wheat and vegetable oil, stemming from the crisis in Ukraine contributed to the price surge.
○ The Minimum Expenditure Basket increased for the second consecutive month to reach SYP 844,661 in September 2022, 63 percent higher than the same time last year, and the second highest since September 2021. The uncertainty about the continuation of UN-backed Black Sea grain deal beyond November 2022, and the likely increased energy demand as winter approaches are a stark reminder of the near-term threat to any price moderation.
○ The Syrian Pound continued to lose value against the US dollar on the informal market reaching SYP 4,573 in September 2022 from SYP 4,342 in the previous month. The local currency depreciated by 25 percent in 12 months and up 52 percent in two years. The September 2022 official exchange rate was at SYP 3,015/USD from SYP 2,814 in the previous months.
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Standard Food Basket
At the end of the third quarter of 2022, the national average price of a WFP standard reference food basket1 reached a new record at SYP 329,526, up 40 percent since the onset of the crisis in Ukraine and four-fold since two years. Supply chain disruptions and uncertainties, especially for wheat and vegetable oil, stemming from the crisis in Ukraine contributed to the price surge. All commodities, except subsidised bread, surged by not less than 40 percent since the onset of the crisis. In addition, the depreciation of the local currency on the parallel market by 25 percent in 12 months added to the food price firmness.

Al-Hasakeh governorate had the highest monthly percentage increase for the food basket, at eight percent, followed by Hama at five percent (figure 1). Rice and lentils being key sources of monthly pressure in Al-Hasakeh. Over the last 12 months, the food basket more than doubled in Al-Hasakeh, driven by the strong price increases of lentils (up 196 percent), rice (up 89 percent), vegetable oil (up 71 percent) and sugar (up 60 percent). Idleb had the lowest yearly increase among the governorates, but still nearly at 50 percent (Table 1).

In September 2022, the gap between the highest and lowest average food basket prices at governorate level remained almost the same on monthly basis, however, they decreased by six percent year-on-year (y-o-y). The yearly decrease may reflect improved convergence in nominal prices among the governorates, likely, due to increased levels of integration.

Figure 1: Food basket cost and changes, SYP

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

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

Map 1: Location of markets monitored by WFP

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.
**Impact of the Ukrainian crisis on global food and energy prices**

Globally, energy and food prices remained key sources of pressure for the headline inflation in September 2022. Just as the weather turned colder in Europe and most parts of the Middle East, the Europe Brent crude oil spot price\(^2\) recorded a monthly average of USD 90 per barrel in September 2022, up 20 percent compared to same time last year. It more than doubled in two years, with much of the price surge observed since the onset of the Ukrainian crisis. Similarly, natural gas prices, the European benchmark, averaged around EUR 200 per megawatt-hour in September 2022, more than double the five-year average for this time of the year. The rising energy prices will have negative fiscal impact for net-importing countries like Syria through increases in government transfers like fuel subsidies at a time of relatively limited fiscal space.

The crisis in Ukraine continued to leave a mark on international food prices. The September 2022 FAO Cereal Price Index\(^3\) (combines relative prices of wheat, sorghum, maize, barley and All Rice Price Index) increased by 1.5 percent compared to August 2022. The increase stemmed from a 2.2 percent rebound in wheat prices underpinned by uncertainty about the UN backed Black Sea Grain initiative’s continuation and its related potential impact on Ukraine’s exports. The uncertainty may likely keep prices high for a relatively longer period leading to fundamental food security risks for consumers.

With the winter season approaching and as the crisis drags on, the outlook for food and energy prices, in near-term, remains firmly skewed to continued upward trend, and the elevated price levels are likely to linger much longer due to heightened uncertainty.

**Impact on prices in Syria**

As the global economy was coming to terms with the food systems’ disruption caused by COVID-19 pandemic, the Ukraine crisis in late February 2022 sent shockwaves in the commodity markets, especially food and fuel. Syria has not been spared from this economic disruption. By September 2022, the WFP reference food basket composed of bread, vegetable oil, sugar, lentils, and rice had increased by 40 percent since the onset of the crisis. Vegetable oil and wheat flour, key imports from Ukraine and Russian federation, increased by more than two-fifth within seven months.

Similarly, a significant upward trajectory was also observed for fuel. As of September 2022, the price of diesel for heating more than doubled since the onset of the crisis. As weather gets colder and the crisis continues, the outlook remains firmly skewed to upward trend in diesel prices.

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\(^2\) https://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm

\(^3\) https://www.fao.org/worldfoodsituation/foodpricesindex/en/
Minimum Expenditure Basket (MEB)

MEB Trend
The national average Minimum Expenditure Basket (MEB) for a household of five members increased for the second consecutive month to reach SYP 844,661 (USD 280) in September 2022, the second highest in the series that began in September 2021. The MEB increased by six percent compared to the previous month. Meat (Chicken) led the monthly increase at 17 percent, followed by carrots (up 15 percent), eggs (up 13 percent), soap (up nine percent) and fuel (up seven percent). The September 2022 MEB was 29 percent higher than at the beginning of the crisis in Ukraine and 63 percent higher than same time last year. Food comprised about four-fifth of the MEB, almost unchanged compared to a year ago, reflecting that food and non-food prices have relatively been increasing in the same proportion.

The uncertainty about the continuation of UN-backed Black Sea grain deal in November 2022, and the likely increased energy demand as winter approaches are a stark reminder of the near-term threat to any price moderation.

Worldwide food prices, freight costs and overall inflation trends
Global food prices fell for the sixth consecutive month in September 2022. The FAO Food Price Index (FFPI), a measure of the monthly change in international prices of a basket of food commodities, averaged 136.3 points, 1.1 percent lower than August 2022. The decrease reflected the continued fall in the Vegetable Oil Price index, since April 2022, which more than offset the moderate uptick in cereals. However, the FFPI remained nearly six percent higher than a year ago and nearly 40 percent more than two years ago.

Specifically, the Vegetable Oil Price Index decreased for the sixth month in a row. The September 2022 average of 152.6 points, the lowest since February 2021, was 6.6 percent lower than the previous months and 39 percent lower than six months ago. Increased export supplies from the Black Sea for sunflower oil and prospective abundant production of rapeseed oil reflected lower prices for index. The rebound in Cereal Index reflected the uncertainty on the UN Backed deal for wheat exports from the Black Sea ports as well as weather concerns for wheat prospects.

In September 2022, the Grains and Oils Freight Index declined for the fourth consecutive month to an average of 159 points, six percent lower than the previous month and down 36 percent a year earlier. The monthly decline reflected the drop by seven percent for the ocean freight rates originating from Brazil, Argentina, Canada, and Europe. However, there was a rebound in the Black Sea freight rates by four percent, m-o-m, underpinned by heightened uncertainties.

Food and energy prices remained a key source of pressure for the headline inflation for many countries in September 2022. Türkiye’s annual inflation soared to 83.45 percent driven by transport prices at 118 percent and food at 93 percent. Inflation continued to soar in Egypt, origin of key imports into Syria, to 15 percent. UK inflation surged into double-digits at 10.1 percent, highest rate in 40 years. Ukraine inflation reached 24.6 percent, up 0.8 percentage points from previous month, while Russia’s headline inflation eased to 13.7 percent, down 0.6 percent points from the previous month, however, remained 6.3 percentage points higher than a year ago.
Retail prices for key commodities

Wheat Flour

The monthly price of wheat flour continued to moderate in September 2022, recorded at an average of SYP 3,542/kg, almost the same as the previous month, reflecting increased availability at national level. However, the September nominal price was still 42 percent more than February 2022 (onset of Ukraine crisis) and 75 percent above September 2021 values. At regional level, cross-border areas had the lowest average nominal prices but still experienced the highest monthly percentage increase at four percent. The monthly nominal prices in the middle and southern areas were muted on account of ample supplies.

Rice

The national average retail price of Egyptian white rice continued to edge up in September 2022. At SYP 4,275/kg, the September price was four percent more expensive than the previous month and 60 percent more than a year earlier. Upward trend was also observed at global level. The FAO All Rice Price Index rebounded by 2.2 percent in September 2022, m-o-m, to reach 110.9 points which was 12 percent higher than a year earlier.

At regional level, for the 10th consecutive month, the Coastal area continued to record the highest monthly average price of Egyptian white rice, at SYP 4,443/kg in September, 73 percent above its value a year earlier. The Cross-border and Southern areas recorded the lowest percentage increases, y-o-y, at 56 percent and 39 percent, respectively.

Chicken and eggs

At the national average of SYP 13,331/kg, poultry meat, measured by chicken (plucked) increased by 17 percent, m-o-m, in September 2022. This was a third consecutive monthly increase and led to a four-fifth increase in 12 months. At regional level, the lowest observed price was at SYP 9,058/kg in cross-border areas and highest at SYP 15,542 in southern areas. On the global level, the FAO Poultry index was relatively stable, m-o-m, however, remained 20 percent higher than a year earlier.

Related, the price of a carton of 30 eggs also increased for the third consecutive month to reach SYP 15,089 in September 2022. Nominal price increased by 13 percent compared to the previous month and was 66 percent more expensive than a year earlier.

*Starting from March 2021, WFP-monitored commercial bread has been switched from resold public bread bundles to commercial bread sold at shops. Prices for the past year have been adjusted to include commercial bread resold from shops. Moreover, all prices have been adjusted to reflect bread bundle size of 1.1 kg instead of 1.3 kg since November 2020.
Exchange rate**

In September 2022, the Syrian Pound continued to lose value against the US dollar on the informal market reaching SYP 4,573 from SYP 4,342 in the previous month. The local currency depreciated by 25 percent within 12 months and 52 percent in two years. At governorate level, Damascus, the capital, had the highest exchange rate on the parallel market trading at SYP 4,625/USD while Al-Hasakeh had the lowest at SYP 4,156/USD. The UN operational rate was unchanged at SYP 2,800/USD.

For the second time this year, on 19th September 2022, the Central Bank of Syria (CBS) devalued the local currency from SYP 2,814/USD to SYP 3,015/USD, likely aiming to attract remittances, stability, and control, including, convergence with the parallel exchange rates. Previous devaluations have been associated with increased food prices. Chart 10 juxtaposes currency devaluation on informal exchange rates and food prices, measured by the WFP reference basket. Devaluations tend to reduce the gap with the informal exchange rate, providing some limited price stability in the short term. However, the informal market exchange rate and food prices usually continue an upward movement within three months of the devaluation.

**Diesel**

The price of diesel for heating on the informal market continued an upward trajectory since March 2022, a month after the onset of the crisis in Ukraine. In September 2022, the commodity reached SYP 5,517 per litre, 11 percent more than the previous month, and it more than doubled since the onset of the crisis. The September 2022 price level was up sevenfold in nearly two years.

Similarly, the September 2022 national average price of formal butane gas cylinder (25L) increased by seven percent, m-o-m, to reach SYP 91,807. In the last 12 months, gas prices increased by 27 percent and eight times more in two years.

With winter approaching and the crisis in Ukraine dragging on, the outlook remains firmly skewed to continued upward trend in diesel and gas prices.

**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).**

***No formal prices have been reported in the cross-border region because there is no subsidized diesel or butane gas in the region.***
Terms of Trade (ToT)

ToT between wage labour and wheat flour

A steady upward trend in the national average non-skilled labour wage continued to be observed in September 2022. At the average of SYP 12,561/day, the September 2022 wage rate was four percent higher than the previous month and 67 percent higher y-o-y (Chart 12). Notable wage variations were observed across regions during the reference period, September 2022. At SYP 18,125/day, the coastal region’s wage was more than twice that of northwest.

Using terms of trade between wheat flour and wage labour as a proxy indicator of purchasing power, the ToT marginally increased by two percent between August 2022 and September 2022, reaching 3.55 kg of wheat flour/daily wage (Chart 13). However, ToT decreased when compared to six months ago and over the last 12 months. The national average daily wage of a non-skilled worker could buy 3.55 kg of wheat flour in September 2022 compared to 3.72 kg in September 2021. This denotes that the rate of increase in wheat prices (up 75 percent) has been higher than the rate of increase in the daily wages in last 12 months (up 67 percent). As such the purchasing power of non-skilled labour shrunk over the last 12 months.

ToT between sheep and wheat flour

In September 2022, the national average price of a two-year old male alive sheep remained unchanged at SYP 608,443/sheep. The September price was 17 percent more than six months ago and 16 percent more than the same time last year.

The September 2022 ToT between wheat flour and an alive two-year old remained almost the same as the previous month at 172 kg per sheep. The terms of trade have decreased by 5 percent over the last six months and by 34 percent over the last 12 months. The reduced ToT denote a reduced purchasing power for pastoral communities in the last 12 months.

For more information. https://dataviz.vam.wfp.org/