



World Food Programme

SAVING LIVES  
CHANGING LIVES

# Market Monitor

WFP VAM | Food Security Analysis

Photo: WFP/Edward Johnson - August 2017

A farmers' market in the Bekaa Valley restored by WFP and local partners.

## Lebanon | January 2023

### S/MEB (Dec-22)



#### Food and non-food

**SMEB: LBP12.5M** or **USD288** for a family of five  
**MEB: LBP15M** or **USD346** for a family of five



#### Food

**SMEB: LBP1.2M** or **USD27** per person  
**MEB: LBP1.5M** or **USD36** per person



#### Non-Food

**SMEB: LBP6.6M** or **USD151** for a family of five  
**MEB: LBP7.3M** or **USD168** for a family of five

### Key Figures



#### Inflation (Dec-22)

**+6.7 percent** (up from 3.7 percent in Nov-22)



#### Informal exchange rate (Jan-23)

**LBP49,700/USD** (+15 percent since Dec-22)



#### BDL Foreign Assets (Jan-23)

**USD15.1 billion** (USD15.3 billion in Dec-22)

### Domestic Food Supply



Stock levels remained stable at WFP-contracted shops in December 2022. A quarter of shops reported having less than two weeks' worth of stocks.



Total food imports amounted to USD2.5 billion in 2022, up from USD2.1 billion in 2021 and 2020, but still down from USD2.7 billion in 2019.

### Cash Assistance



For Syrian refugees, the transfer value coverage of the SMEB continued to decrease. Coverage remained stable for NPTP beneficiaries receiving cash transfers in USD.



Cash-based food assistance covered 73 percent of the food SMEB for NPTP beneficiaries, compared with 42 percent for assisted Syrian refugees. Coverage of non-food SMEB by cash-based assistance was 16 percent for NPTP beneficiaries and 15 percent for Syrian refugees.

### Economy and Markets



A new official exchange rate set at **LBP15,000/USD** came into effect on **February 1st**.



New electricity tariffs were expected to start implementation in February 2022.



The informal market rate reached a maximum daily average of LBP/USD 60,500 on January 26.



Economic activity declined for the fourth consecutive month (since August 2022)



QatarEnergy joined the consortium for gas exploration in Bloc 9 on January 29.



Exchange rate depreciation continued to negatively affect energy prices as fuel, diesel and gas registered additional price increases.

# 1. Consumer Price Index (CPI)

## INFLATION AS OF DECEMBER 2022



	Inflation	Food Inflation	Energy Inflation
<b>Monthly</b> (since Nov-22)	7%	8%	7%
<b>Quarterly</b> (since Sep-22)	29%	22%	22%
<b>Yearly</b> (Since Dec-21)	122%	143%	132%
<b>Since Oct-19</b>	1,754%	7,174%	3,180%

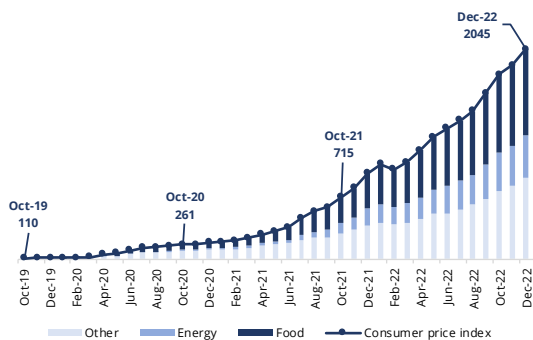
Source: Central Administration of Statistics

CPI data from the Central Administration of Statistics showed that monthly inflation was 6.7 percent in December 2022. In the last month, inflation has been driven by a 7.6 percent increase in food inflation, in addition to a 11.4 percent increase in the prices of clothing and footwear and a 6.7 percent energy inflation. The CPI index has now risen for ten months in a row.

Food inflation contributed to 38 percent of the CPI monthly increase in December 2022, up from 18 percent contribution in November 2022 but down from a yearly average of 43 percent. Inflation of non-food non-energy goods contributed to 29 percent of the CPI increase this month and contributed on average to 36 percent of the CPI increase over the past quarter. Both services and energy contributed to 16 percent of the CPI increase in December 2022.

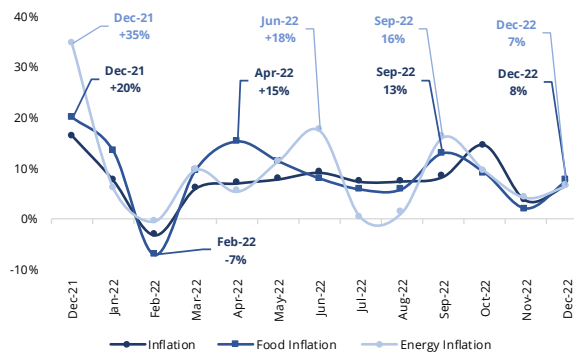
Prices rose by 122 percent and 29 percent since December 2021 and September 2022, respectively, driven mostly by inflation of food, energy, and clothes. Quarterly and yearly food inflation was 22 and 143 percent, respectively, while energy prices rose by 22 percent in the last three months and by 132 percent in the past year.

### CPI Evolution (Oct 19 - Nov 22)



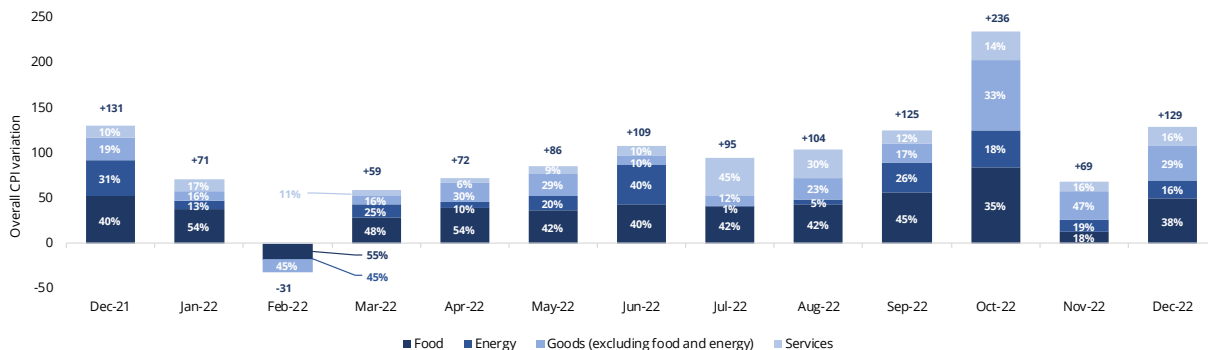
Source: Central Administration of Statistics  
\*The above stacked columns represent the cumulative share of food, energy and other sectors in the CPI since October 2019

### Monthly Inflation Rates (Dec 21 - Dec 22)



Source: Central Administration of Statistics

### Contributions to monthly CPI variation (Dec 21 - Dec 22)



Source: Central Administration of Statistics; WFP VAM Analysis  
\*The above stacked columns represent the monthly share of food, energy, other goods, and services in the CPI over the past year.

## 2. Survival and Minimum Expenditure Baskets

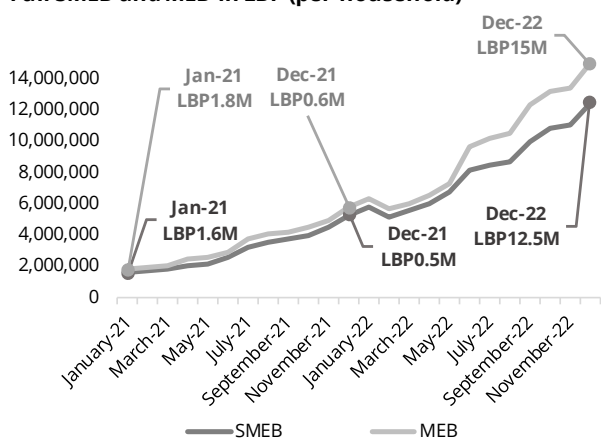
In Lebanon, the MEB and SMEB were established in 2014 and serve as a benchmark to estimate the cost of food and other basic needs of a Syrian refugee family in Lebanon. While the MEB is defined as what a household requires in order to meet its essential need, the SMEB is the absolute minimum amount required to cover lifesaving needs. The S/MEBs are composed of three sub-baskets: food, non-food items, and non-food services (Box 1).

In December 2022, the cost of the SMEB was LBP12.5 million for a household of five, registering a 12 percent increase since the previous month. The cost of the food component of the SMEB rose by 7 percent from November 2022 and reached LBP1,185,000 per person. The cost of non-food items and services was LBP 6.6 million per household, up from LBP 5.6 million in November, driven by rent that increased by 53 percent between November and December 2022.

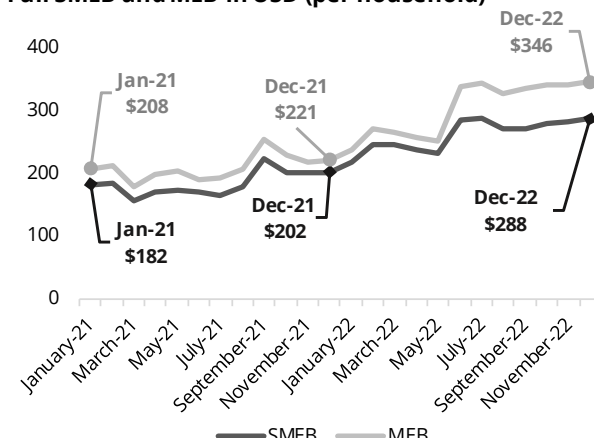
While SMEB figures in Lebanese pounds have been steadily rising since October 2019, the basket's value in USD has registered a relatively stable evolution after a sharp initial fall, reaching USD 288 in December 2022, compared to USD 514 in December 2019. This is mainly due to the steep decline in the Non-Food Services segment of the basket from USD 322 in December 2019 to USD 105 in December 2022. The cost of the food SMEB was USD 27 per person per month in December 2022.

In parallel, the cost of the full MEB was LBP15 million in December 2022 for a household of five, registering a 12 percent increase from the previous month. In USD, the cost of the full MEB reached USD346 in December 2022. The cost of the revised food component of the MEB by person recorded LBP1,545,000 in December 2022 (a 6 percent increase from November 2022).

Full SMEB and MEB in LBP (per household)

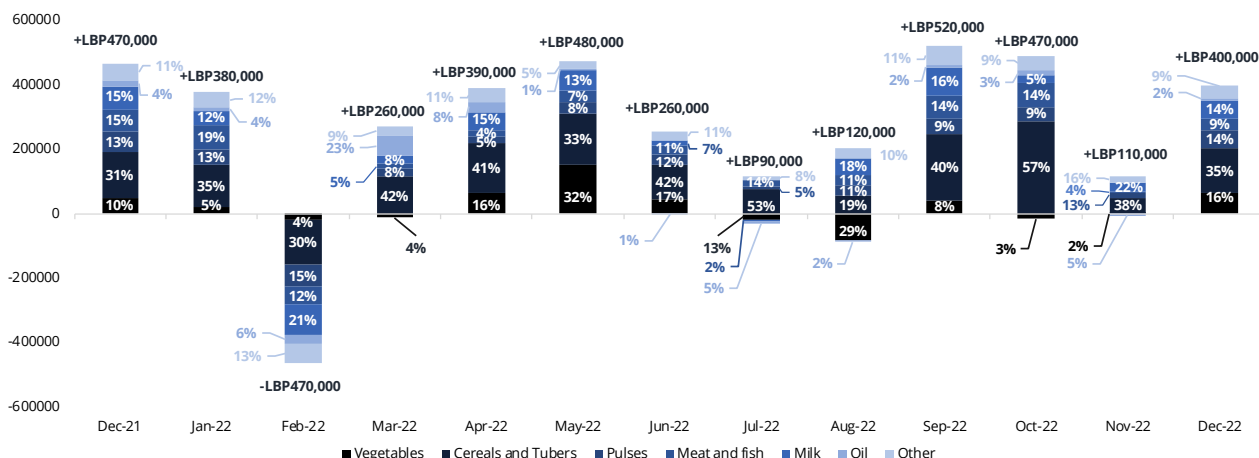


Full SMEB and MEB in USD (per household)



[Link to the LCRP SMEB Dashboard](#)

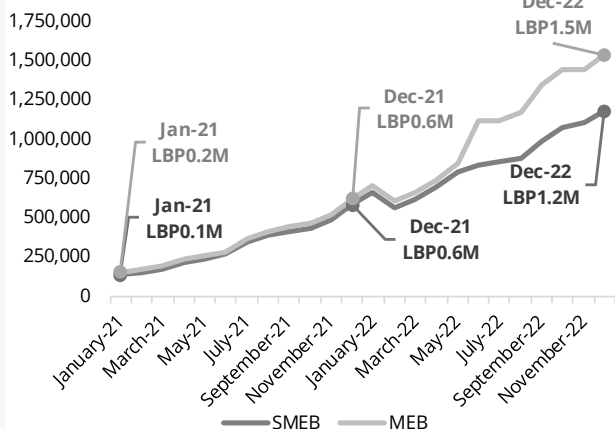
Monthly variation of the Food SMEB for a family of five (Dec 21 - Dec 22)



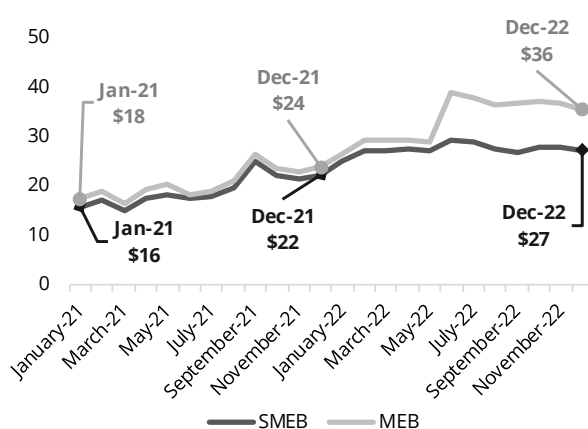
\*The above percentages represent the share of each category in the overall variation (both increase and decrease) in the price of the Food SMEB. Since the cost of some items can go down while that of others goes up on a specific month, the percentages do not necessarily represent the share of each item in the final tally of each month but rather each item's share in the basket's monthly variation.

Source: WFP VAM Unit

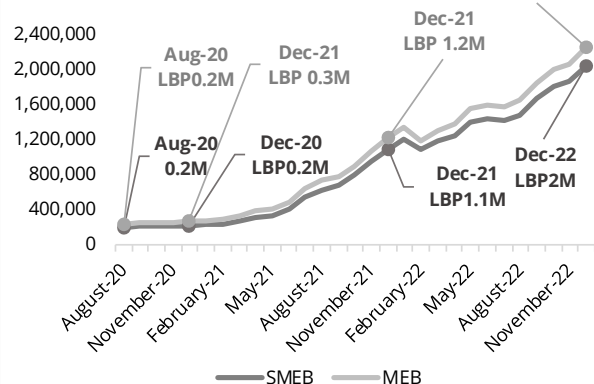
**Food SMEB and MEB in LBP (per person)**



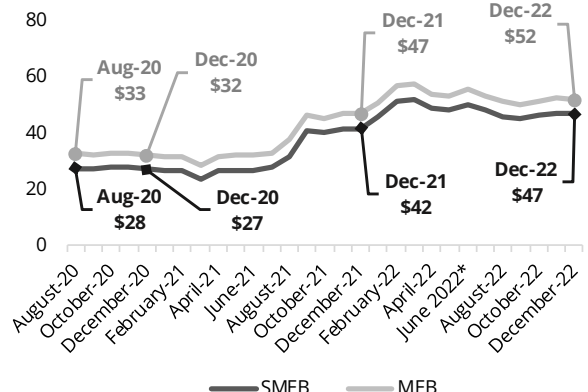
**Food SMEB and MEB in USD (per person)**



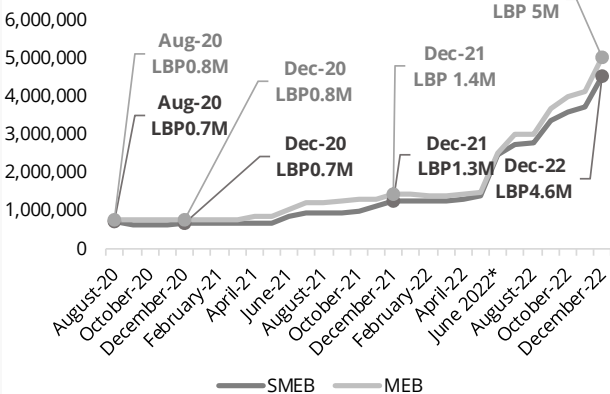
**Non-Food Items (NFI) SMEB and MEB in LBP (per household)**



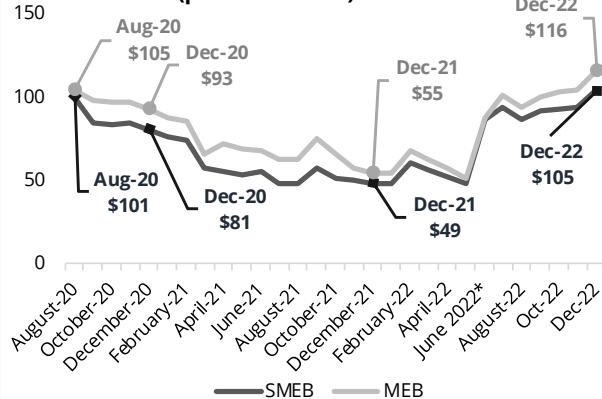
**Non-Food Items (NFI) SMEB in USD (per household)**



**Non-Food Services (NFS) SMEB and MEB in LBP (per household)**



**Non-Food Services (NFS) SMEB and MEB in USD (per household)**



\*Compositions of the food MEB components and the Services SMEB and MEB components were revised in June 2022

Source: WFP VAM Unit

### Value of Cash Assistance

In Lebanon, vulnerable populations receive assistance mainly through unconditional cash transfers for food and other essential needs. The ratio between the cash transfer value and the SMEB provides an indication of the purchasing power of families receiving assistance.

Lebanese residents receive cash assistance mainly through two large-scale national safety nets programs: The National Poverty Targeting Program (NPTP) and AMAN/ESSN, both implemented by WFP, the Ministry of Social Affairs (MoSA) and the Presidency of the Council of Ministers. Currently, Lebanese households receive USD 20 for food assistance per person and USD 25 per family for other essential needs per month. As of December 2022, the portion of the transfer value intended for food covered 73 percent of the food SMEB and the portion intended for other essential needs was 16 percent of the SMEB. The latter dropped from 25 percent in August 2022, following an increase in non-food SMEB.

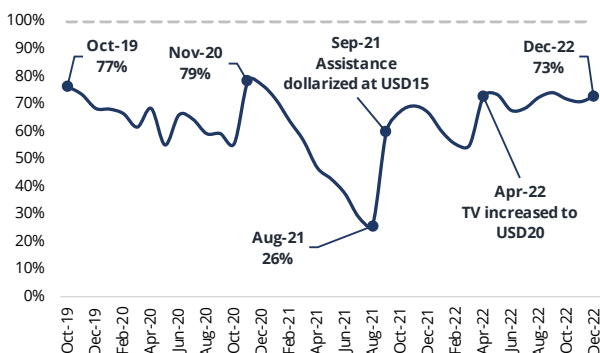
Syrian refugees receive cash-based transfers to meet their food and other essential needs. This is done through different

modalities, including restricted food vouchers or unrestricted cash for food and non-food needs.

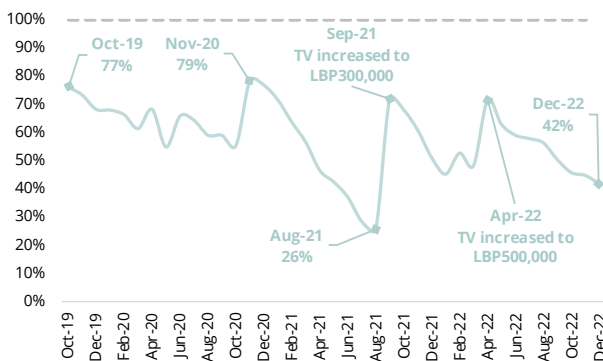
As of January 2023, Syrian refugees received LBP500,000 per person and LBP1 million per household per month for other essential needs. However, not all Syrian refugee households receive the full assistance package covering food and non-food needs. In December 2022, the value of cash assistance received by Syrian refugees intended for food covered 42 percent of the SMEB, down from 72 percent in April 2022. The non-food portion of the transfer value was sufficient to cover only 15 percent of the non-food SMEB, down from 39 percent in April 2022.

As the prices of food and other essential goods keep rising due to the deepening economic crisis, WFP continues to advocate for increased cash transfer values to provide adequate levels of assistance.

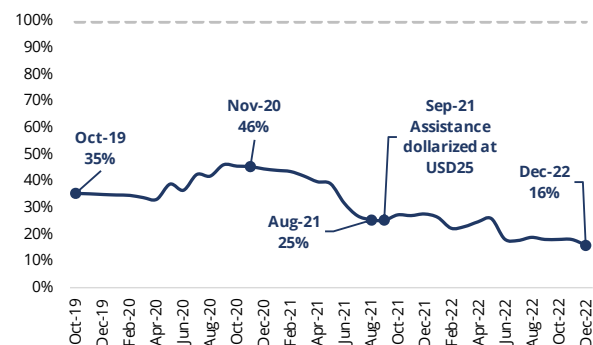
TV Coverage of Food SMEB - NPTP



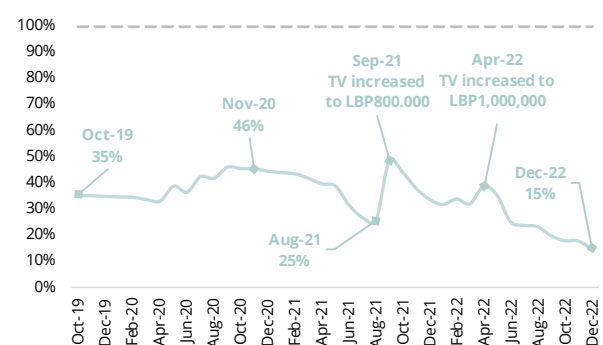
TV Coverage of Food SMEB - Refugee Response



TV Coverage of Non-Food SMEB - NPTP



TV Coverage of Non-Food SMEB - Refugee Response



Source: WFP VAM Unit



## Box 1- S/MEB Methodology

### Essential Needs

Essential (or basic) needs are defined as “the essential goods and services required on a regular or seasonal basis by households to ensure survival and minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity and essential livelihoods assets”.

### What is a S/MEB?

The Survival and the Minimum Expenditure Baskets (S/MEB) set monetary thresholds for what is needed to cover essential needs and are conceptually equivalent to a poverty line.

The MEB is defined as what a household requires to meet its essential needs on a regular or seasonal basis and its cost. It includes both food- and non-food needs. The SMEB is the absolute minimum amount required to maintain existence and cover lifesaving needs.

### How are S/MEB used?

Households with economic capacity below the SMEB are likely unable to access the minimum required to survive. Households with economic capacity below the MEB are unable to access all the essential needs they need to live a dignified life. The S/MEB informs programmatic decisions such as transfer values in situations requiring immediate lifesaving assistance.

### S/MEB in Lebanon

Both the SMEB and MEB were first introduced in Lebanon in 2014 by the Food Security and Agriculture Working Group (FSAWG) and the Basic Assistance Working Group (BAWG) in collaboration with the Cash Transfer Working Group (CTWG). The goal was to estimate the value of cash assistance for food and other essential needs targeting the most vulnerable households in Lebanon.

The SMEB and MEB are composed of three sub-baskets: food, non-food items, and non-food services (Table 1). S/MEB were reviewed in 2020, while the food sub-basket of the MEB was further reviewed in 2022.

### S/MEB 2020 Revision

The SMEB is composed of three sub-baskets. The **Food SMEB** comprises 19 products providing a 2,100 Kcal minimum intake of vitamins and macronutrients. The **Non-Food SMEB** tracks hygiene items based on SPHERE standards, diapers, and cooking gas. The

**Non-Food Services SMEB** clothes, rent, communication, water, electricity, health, and education.

### MEB 2022 Revision

The **Food MEB**, which provides 2,100 Kcal per person per day, was revised in December 2022 to reflect current food needs better and optimise the basket's nutritional component at a low budget. The revision was conducted by the Food Security and Agriculture Sector (FSAS) and the Basic Assistance Working Group (BAWG). The food component in the 2022 version includes more fresh fruits and vegetables locally produced and available through the local market.

The **Non-Food MEB** includes ten core hygiene items based on SPHERE standards, as well as blankets, mattresses, and cooking gas. **The Non-Food Services MEB** is constructed following a hybrid approach and defines a set of services related to household needs such as transportation, rent, and education.

### Monthly Price Monitoring




WFP is currently tracking the monthly changes in prices of the SMEB and MEB food and non-food items components. The prices of the food and non-food items are updated using the WFP price monitoring system. Since October 2022, WFP price monitoring has been based on a representative sample of 987 non-contracted shops across the eight governorates. A total of 315 municipalities were randomly selected. Three different shops of varying sizes are visited bi-weekly in each municipality to collect prices of food and non-food items.

Prices for blankets and mattresses are estimated through an initial market assessment by UNHCR, while the cost of cooking gas is estimated using official gas prices in Lebanon.

The services SMEB and MEB are updated by the Basic Assistance Working Group every year. Different associated costs for each non-food service follow a hybrid approach between rights-based and expenditure-based. The primary source of expenditure data comes from the annual Vulnerability Assessment of Syrian Refugees (VASyR), and the costs are then updated monthly primarily using the Consumer Price Index (CPI) released by the Central Administration of Statistics (CAS), as well as other data sources.

### Reference Documents:

- [WFP - Minimum Expenditure Baskets Guidance Note- December 2020](#)
- [WFP - Review of the Survival and Minimum Expenditure Baskets in Lebanon](#)
- [Inter- Agency Lebanon - Basic Assistance Non-Food SMEB Update Summary - 2022](#)
- [WFP - Minimum Expenditure Baskets: Guidance Note, December 2020](#)
- [Sphere Association - The Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response](#)

		MEB (2022 revision)	SMEB (2020 revision)
 <b>Food</b> Right-based	<b>Composition</b>	<b>31 food products</b> providing 2,100 Kcal higher in vitamins and macronutrient	<b>19 food products</b> providing 2,100 Kcal minimum intake of vitamins and macronutrient
	<b>Price monitor</b>	Prices of food items are tracked on a monthly basis through WFP Price Monitoring System	
 <b>Non-food items</b> Right-based	<b>Composition</b>	<ul style="list-style-type: none"> <li>• <b>9 hygiene items</b> based on SPHERE standards</li> <li>• Mattress</li> <li>• Cooking gas</li> <li>• Blanket</li> </ul>	<ul style="list-style-type: none"> <li>• <b>9 hygiene items</b> based on SPHERE standards</li> <li>• Cooking gas</li> <li>• Blanket</li> </ul>
	<b>Price monitor</b>	Prices for hygiene items are tracked on a monthly basis through WFP market monitor and official prices from CAS	
 <b>Non-food services</b> Expenditure and right-based	<b>Composition</b>	Clothes <sup>1</sup> , rent <sup>1</sup> , communication <sup>2</sup> , water <sup>1</sup> , transportation <sup>1</sup> , electricity <sup>1</sup> , health <sup>3</sup> , education <sup>1</sup> , legal residency <sup>2</sup>	Clothes <sup>1</sup> , rent <sup>1</sup> , communication <sup>2</sup> , water <sup>1</sup> , transportation <sup>1</sup> , electricity <sup>1</sup> , health <sup>3</sup> , education <sup>1</sup>
	<b>Price monitor</b>	Expenditure data from VASyR updated monthly using the Consumer Price Index (CPI)	

1. Expenditure-based | 2. Rights-based | 3. Expenditure and right-based

## MEB &amp; SMEB composition and revisions since 2020

Component	SMEB (2020 revision)		MEB (2020 revision)		MEB (2022 revision)	
	Per month for a family of 5 (Kg)	Per person per day (in gr)	Per month for a family of 5 (in kg)	Per person per day (in gr)	Per month for a family of 5 (in kg)	Per person per day (in gr)
<b>FOOD ITEMS</b>						
Bread	35.1	234	33	220	27	180
Pasta	9	60	9.75	65	6	40
Brown Bulgur	9.75	65	9	60	6	40
Rice	12	80	13.5	90	10.5	70
Potatoes	10.5	70	9	60	10.5	70
Lentils	3.75	25	4.5	30	3.75	25
Beans	1.5	10	1.5	10	2	13
Chickpeas	4.5	30	3	20	4.5	30
Powdered Milk	3	20	1.5	10	2	13
Canned Cheese	-	-	1.5	10	-	-
Sunflower Oil	2.55	17	2.55	17	3	20
Sugar	3	20	3	20	3.75	25
Tomato Paste	3	20	3	20	3.75	25
Eggs	2.25	15	1.5	10	3	20
Canned Beef	-	0	1.5	10	-	-
Fresh Chicken	-	0	1.5	10	3.75	25
Canned Green Peas	-	0	1.5	10	-	-
Oranges	-	0	3	20	9	60
Cabbage	13.5	90	15	100	12	80
Apples	7.5	50	6	40	9	60
Salt	0.6	4	0.75	5	0.75	5
Tea	0.6	4	0.75	5	0.75	5
Carrots	3	20	3	20	5.25	35
Sardine	2.25	15	1.5	10	3	20
Tomato	-	-	-	-	7.5	50
Onion	-	-	-	-	3	20
Tahini	-	-	-	-	0.75	5
Yogurt	-	-	-	-	6	40
Thyme	-	-	-	-	1.5	10
Garlic	-	-	-	-	1.5	10
Cucumber	-	-	-	-	6	40
Zucchini	-	-	-	-	4.5	30
Dark green leafy vegetables	-	-	-	-	4.5	30
Banana	-	-	-	-	9	60
<b>NON-FOOD ITEMS</b>						
	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>
Toilet Paper	4 rolls/packet	4 rolls/packet	4 rolls/packet	4 rolls/packet	4 rolls/packet	4 rolls/packet
Toothbrush	5 (changed every three months)	5 (changed every three months)	5 (changed every three months)	5 (changed every three months)	5 (changed every three months)	5 (changed every three months)
Toothpaste	2tubes/75ml	2tubes/75ml	2tubes/75ml	2tubes/75ml	2tubes/75ml	2tubes/75ml
Laundry soap/detergent	Bubbles 900 gr	Bubbles 900 gr	Bubbles 900 gr	Bubbles 900 gr	Bubbles 900 gr	Bubbles 900 gr
Liquid Dishes detergent	750 ml	750 ml	750 ml	750 ml	750 ml	750 ml
Sanitary napkins	3 packets of 20 pads per packet	3 packets of 20 pads per packet	3 packets of 20 pads per packet	3 packets of 20 pads per packet	3 packets of 20 pads per packet	3 packets of 20 pads per packet
Individual soap	5 pieces of 125 gr	5 pieces of 125 gr	5 pieces of 125 gr	5 pieces of 125 gr	5 pieces of 125 gr	5 pieces of 125 gr
Shampoo	500 ml	500 ml	500 ml	500 ml	500 ml	500 ml
Diapers	90 per packet	90 per packet	90 per packet	90 per packet	90 per packet	90 per packet
Disinfectant fluid/Bleach	500 ml	500 ml	500 ml	500 ml	500 ml	500 ml
Blanket	5 (changed every year)	5 (changed every year)	5 (changed every year)	5 (changed every year)	5 (changed every year)	5 (changed every year)
Cooking gas	14.78kg	14.78kg	14.78kg	14.78kg	14.78kg	14.78kg
Mattress	-	5 (changed every year)	5 (changed every year)	5 (changed every year)	5 (changed every year)	5 (changed every year)
<b>NON-FOOD SERVICES</b>						
	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>	<b>Per month for a family of 5</b>
Communication	Market cost of opening one phone line without internet for 30 days in USD	Market cost of opening one phone line with internet for 30 days in USD	Market cost of opening one phone line with internet for 30 days in USD	Market cost of opening one phone line with internet for 30 days in USD	Market cost of opening one phone line with internet for 30 days in USD	Market cost of opening one phone line with internet for 30 days in USD
Health	Transportation costs based on the minimum required visits to health facilities Medicine costs based on an expenditure approach	Transportation costs based on the minimum required visits to health facilities Medicine costs based on an expenditure approach	Transportation costs based on the minimum required visits to health facilities Medicine costs based on an expenditure approach	Transportation costs based on the minimum required visits to health facilities Medicine costs based on an expenditure approach	Transportation costs based on the minimum required visits to health facilities Medicine costs based on an expenditure approach	Transportation costs based on the minimum required visits to health facilities Medicine costs based on an expenditure approach
Residency permit	-	Cost of renewing residency for one person per year	Cost of renewing residency for one person per year	Cost of renewing residency for one person per year	Cost of renewing residency for one person per year	Cost of renewing residency for one person per year
Clothes, Rent, Water, Transportation, Electricity	Expenditure-based calculation using VaSyR data	Expenditure-based calculation using VaSyR data	Expenditure-based calculation using VaSyR data	Expenditure-based calculation using VaSyR data	Expenditure-based calculation using VaSyR data	Expenditure-based calculation using VaSyR data

### 3. Monthly Market Prices

#### SMEB Food and Non-Food Items

SMEB Components		Price		Percentage Variation			
		Dec-22	Monthly	Quarterly	Yearly	Since Oct-19	
<b>Food SMEB Components (SMEB per Individual Weights)</b>	Bread (7.02 Kg)	LBP	156,957	2%	24%	156%	1391%
	Pasta (1.8 Kg)	LBP	119,467	10%	24%	130%	1998%
	Brown Bulgur (1.95 Kg)	LBP	78,794	8%	16%	118%	2384%
	Egyptian Rice (2.4 Kg)	LBP	96,963	9%	22%	101%	2532%
	Potatoes (2.1 Kg)	LBP	42,671	0%	46%	64%	1932%
	Lentils (0.75 Kg)	LBP	48,921	9%	13%	72%	2672%
	White Beans (0.3 Kg)	LBP	20,419	9%	13%	61%	2005%
	Chickpeas (0.9 Kg)	LBP	63,159	10%	32%	94%	2113%
	Powder Milk (0.6 Kg)	LBP	159,789	8%	16%	79%	3324%
	Sunflower Oil (0.51 L)	LBP	44,640	4%	8%	85%	4357%
	Sugar (0.6 Kg)	LBP	23,266	7%	20%	103%	4150%
	Tomato Paste (0.6 Kg)	LBP	52,156	7%	33%	128%	1570%
	Eggs (0.45 Kg)	LBP	38,241	1%	15%	115%	3041%
	Cabbage (2.7 Kg)	LBP	30,949	9%	-14%	190%	919%
	Apples (1.5Kg)	LBP	40,275	21%	55%	109%	1914%
	Salt (0.12 Kg)	LBP	1,161	8%	40%	121%	1448%
	Tea (0.12 Kg)	LBP	46,149	5%	6%	74%	2279%
	Carrots (0.6 Kg)	LBP	13,152	28%	8%	104%	1542%
	Sardine (0.45 Kg)	LBP	107,795	7%	20%	86%	2570%
<b>Non-Food Items Components (per family)</b>	Toilet Paper (4 PCs)	LBP	29,866	13%	25%	154%	2327%
	Toothbrush (5PCs)	LBP	53,933	10%	81%	188%	2284%
	Toothpaste (150 MI)	LBP	68,078	10%	-5%	51%	1028%
	Laundry soap/detergent (900 G)	LBP	66,697	14%	48%	165%	2561%
	Liquid Dish detergent (750 MI)	LBP	59,653	9%	114%	231%	3980%
	Sanitary napkins (60 PCs)	LBP	235,769	12%	15%	76%	1600%
	Individual soap (5 PCs of 125 G)	LBP	102,583	7%	16%	82%	1626%
	Shampoo (50 MI)	LBP	125,187	9%	19%	101%	1864%
	Diapers (90 PCs)	LBP	560,662	9%	17%	108%	2178%
	Disinfectant fluid / Bleach	LBP	19,988	8%	-2%	61%	2253%
	Blanket (5 PCs per Year)	LBP	119,411	10%	18%	66%	2628%
Cooking gas (12.73 Kg)	LBP	598,239	7%	26%	63%	3355%	

#### Other Food Commodities

Items	Price		Monthly Variation
	Dec-22	Nov-22	
Beef Luncheon Meat 200g (Al Taghziah)	LBP 38,097	LBP 36,247	5%
Bouillon Cubes 20g (Al Taj & Maggi)	LBP 6,487	LBP 5,915	7%
Butter 400g (Plein Soleil & Lurpak)	LBP 174,879	LBP 163,749	9%
Canned Tuna 160g (Fancy & La Bella)	LBP 55,733	LBP 51,275	6%
Cheese Triangles 360g (Bella GO!, Picon & Smeds)	LBP 128,183	LBP 116,005	8%
Chicken Luncheon Meat 200g (Al Taghziah)	LBP 36,557	LBP 34,399	10%
Chicken Breast 900g (Tanmia)	LBP 242,277	LBP 231,186	6%
Chicken Whole 1kg (Tanmia)	LBP 123,459	LBP 119,986	5%
Chicken Whole Legs 900g (Tanmia)	LBP 91,642	LBP 88,345	3%
Coffee 400g (Best Café & Daniel Café)	LBP 155,577	LBP 143,801	4%
Fava Beans 400g (Chtaura)	LBP 23,088	LBP 21,691	8%
Flour 900g (Plein Soleil)	LBP 42,263	LBP 39,857	6%
Ghee 2kg (Aseel)	LBP 301,555	LBP 262,028	6%
Hummus Tahini 400g (Chtaura)	LBP 26,569	LBP 25,022	13%
Ketchup 340g (X-Tra)	LBP 29,152	LBP 26,698	6%
Laban 1kg (LibanLait)	LBP 73,612	LBP 69,985	8%
Labneh 450g (LibanLait)	LBP 102,627	LBP 97,652	5%
Mayonnaise 500ml (Dolly's)	LBP 76,058	LBP 68,978	5%
Mustard 250g (Dolly's)	LBP 53,468	LBP 45,388	9%
Nescafe 3 in 1 sachet	LBP 7,896	LBP 7,380	15%
Olive Oil 500ml (Zaytouna)	LBP 105,075	LBP 95,202	7%
Pomegranate Molasse 270ml (Yamama)	LBP 58,586	LBP 53,951	9%
Sweet Corn 340g (Chtaura)	LBP 40,455	LBP 37,041	8%
Noodles 70g (Indomie & Maggie)	LBP 16,820	LBP 15,771	8%
Tahina 800g (Al-Yamani)	LBP 155,809	LBP 138,025	6%
Vegetable Ghee 2kg (Aseel, Crystal & Rawaby)	LBP 302,418	LBP 272,489	11%
White Vinegar 950ml (Yamama)	LBP 29,557	LBP 27,045	10%
Yerba Mate 250g (Pipore)	LBP 55,627	LBP 49,483	8%
Zaatar 454g (Al Osrah & Osrati)	LBP 56,431	LBP 50,063	11%

Source: [WFP\\_VAM\\_DataViz](#)



## 4. Domestic Food Supply

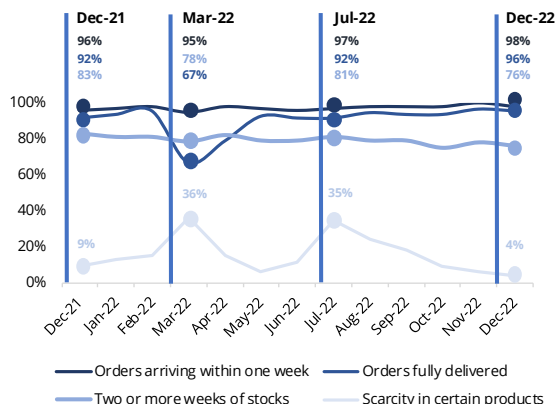
### Food Imports

The value of food imported reached USD2.5 billion in 2022, an increase of 18 percent since 2021, but still almost USD300 million short of the level reached in 2019. The main imported food items throughout the year included cereals (wheat and maize), pulses (soya beans), and vegetable-derived products (sunflower, cane or beet sugar). Also featuring prominently were proteins (live bovine animals and cheese) and sweets (chocolate).

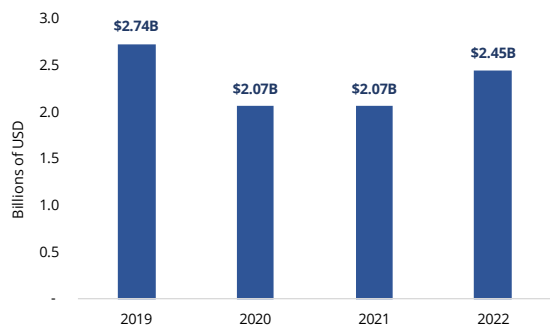
### Supply Chain

Stock levels in December 2022 remained stable at WFP-contracted shops, despite a relative decrease since July 2022. In December 2022, 76 percent of shops reported having enough stock to last two weeks or more. Four percent of suppliers reported product scarcity. Some 98 percent of suppliers reported delivery of products within one week, while 96 percent reported a complete delivery of all quantities and items ordered.

Supply Chain (Dec 21 - Dec 22)

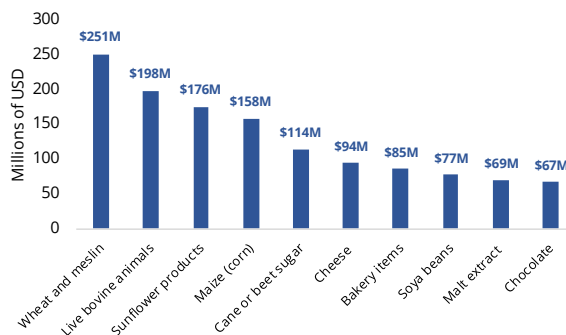


Total food imports (2019 - 2022)



Source: Lebanese Customs website

Main imported food items (Dec 21 - Dec 22)



Source: Lebanese Customs website

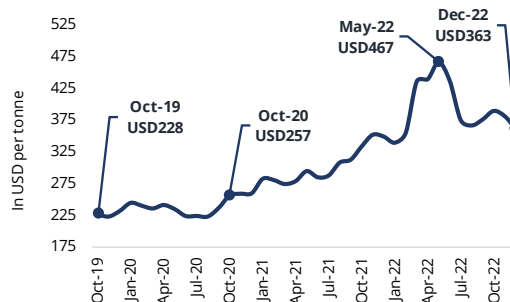
### Wheat

On January 18, 2023, in response to rumours of possible depletion of wheat stocks in the country, the Mount Lebanon Syndicate of Bakers assured that current stocks were enough for two weeks but said that delays in transferring subsidy payments to suppliers by the Central Bank forced bakers to pay the full cost of the wheat upon import. The delays in payments were due to the government not meeting and the Central Bank's refusing to open any credit lines. There were also delays in shipments arriving due to bad weather.

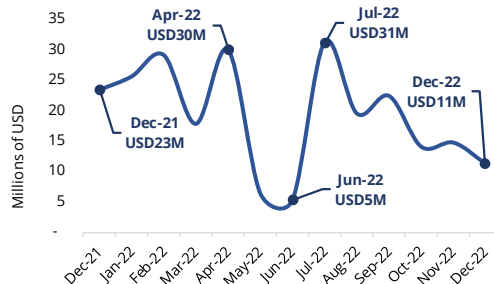
On the other hand, the Ministry of Economy and Trade assured that current stocks were not depleted and that more wheat was being ordered. The additional stocks would allow the country to last until the first shipments purchased through the USD150 million World Bank loan would arrive. The Ministry also guaranteed that the loan would allow the country to import enough wheat for a year. On January 24, the Ministry announced that the first orders were sent and that a shipment of 30,000 tons of wheat was expected in early February. The Ministry of Agriculture, on the other hand, announced the successful harvest of 15,000 acres of land with recently purchased soft wheat grains.

Despite these reassurances, however, the continued depreciation of the Lebanese pound forced the Ministry of Economy and Trade to study a new price list for Arabic pita bread. The new prices were announced on January 24 and set the costs of a 340g bag at LBP13,000 (up from LBP10,000), an 835g bag at LBP22,000 (up from LBP17,000), and a 1.1kg bag at LBP26,000 (up from LBP21,000). These price hikes represented a 28 percent average increase in the price of a kilo of bread.

Global wheat prices (Oct 19 - Dec 22)



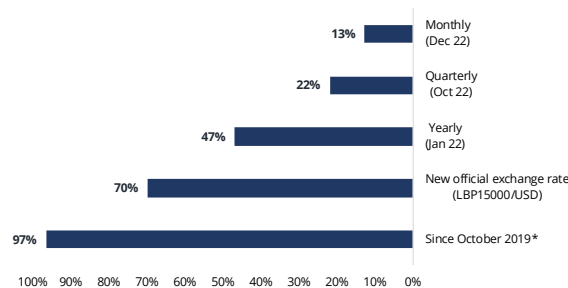
Wheat imports in US dollars (Dec 21 - Dec 22)



Sources: Lebanese Customs (for imports); Food and Agriculture Organization (for wheat prices, average of five types of wheats sold on international markets)

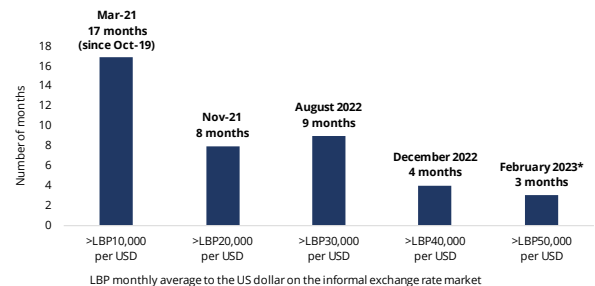
## 5. Exchange Rate

LBP Depreciation on Informal Exchange Rate Market (Jan 23)



\*The monthly average informal exchange rate in October 2019 was LBP1,723/USD  
Source: Lira Rate

LBP Depreciation - Number of months to reach thresholds



\*Monthly average predicted for February 2023  
Source: Lira Rate

On February 1<sup>st</sup>, 2023, the Central Bank implemented a new official exchange rate for the Lebanese pound, set at LBP15,000/USD, up from the LBP1,507/USD rate held since 1997. The Central Bank also set a new rate of LBP15,000/USD for withdrawals from bank deposits denominated in dollars, authorised by Circular No. 151 (dated April 2020). A monthly withdrawal ceiling of USD1,600-equivalent in Lebanese pounds was set. The rate for withdrawals was previously set at LBP8,000/USD. The new rate will also apply to repayments of loans contracted in US dollars and transactions authorised by Circular No. 158 (dated June 2021), which allows monthly withdrawals of USD400 in cash and USD400 in Lebanese pounds, previously converted at a rate of LBP12,000 to the dollar. The conversion rate of these transactions will be shifted to LBP15,000/USD. The Central Bank Central Council met in late January to ensure the proper implementation of the new LBP15,000/USD exchange rates.

These new rates, alongside the new rate on customs duties, taxes and fees, also set at LBP15,000/USD, are all parts of an effort to unify exchange rates, an essential requirement set out by the Staff-Level Agreement reached with the International Monetary Fund (IMF) in April 2022. The Central Bank also said that the new rate would apply to banks' balance sheets and equities and that banks would be given five years to reconstitute their losses. Until January 2023, banks have been allowed to list their foreign currency liabilities at the LBP1,507/USD rate in their accounting. It remains to be seen whether the new rate will be applied to the Central Bank's balance sheet and the country's external public debt.

The informal exchange rate of the Lebanese pound exceeded the LBP50,000/USD mark on January 19<sup>th</sup>. It then surpassed LBP60,000/USD on January 26<sup>th</sup> before decreasing to LBP57,500/USD on January 30<sup>th</sup> and re-increasing to LBP62,000/USD on February 1<sup>st</sup>.

Source: Lirarate.org; Central Bank of Lebanon

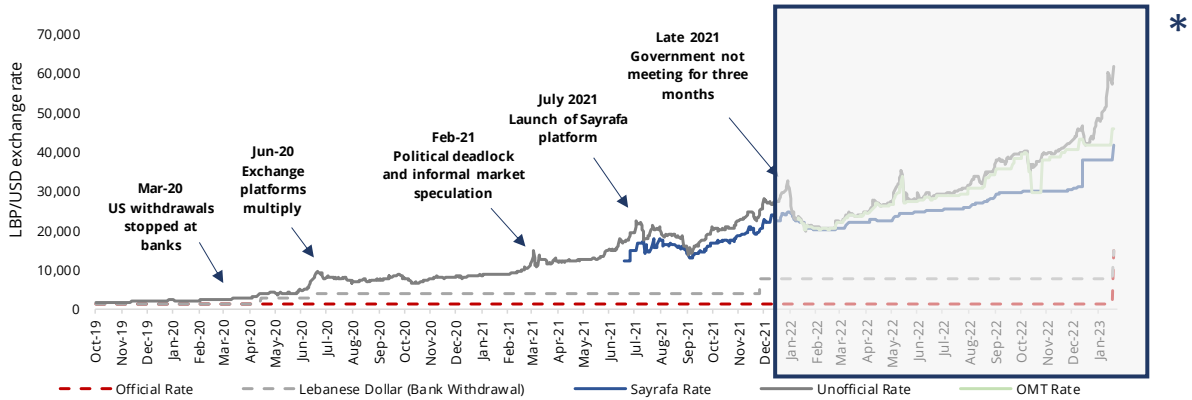
The national currency has now lost 97 percent of its value on the informal exchange rate market compared to the former official rate of LBP1,507 to the dollar. Moreover, the new official LBP15,000/USD exchange rate, although almost ten times higher than the previous rate, is still more than three times overvalued compared to the average exchange rate on the informal market for January 2023 (LBP49,723/USD). The depreciation on the informal market was due to the high demand for dollars, with imports not showing signs of decreasing and companies forced to resort to the informal market to access hard foreign currency as the Sayrafa platform remained closed to them since January 10. The sudden depreciation was also linked to the increase in the local currency in circulation, which increased by 78 percent in size between January 2022 (LBP42 trillion) and January 2023 (LBP75 trillion). The increase of the official and bank withdrawal exchange rates to LBP15,000 and the rise in electricity tariffs and public sector employees' wages seemed to encourage speculation against the Lebanese Pound.

The Sayrafa platform saw increased activity at the start of the year. In late December, the Central Bank announced it was lifting all restrictions on transactions on the platform and raising the exchange rate to LBP38,000/USD, up from LBP31,200/USD. Transactions reached USD905 million in three days between January 3<sup>rd</sup> and January 5<sup>th</sup>. The Central Bank subsequently restricted access to the platform to individuals, and a rate of USD400 per individual per month. During the second half of the month, transactions on the platform reached an average of less than USD47 million per working day, down from USD302 million per working day in early January. The Sayrafa rate was raised a second time on February 1<sup>st</sup>, 2023, to LBP42,000, in a bid to narrow the spread with the informal market rate.

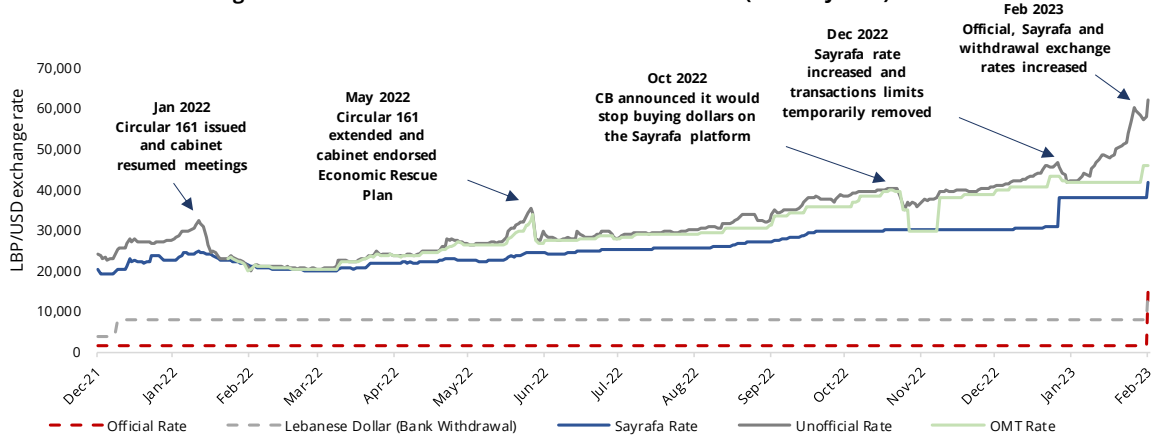
On January 30, the Central Bank announced the extension of Circular 161 for February. The Central Bank previously stated that circulars 158 and 161 would remain in force until the capital control law is voted into effect.

Exchange rate variations

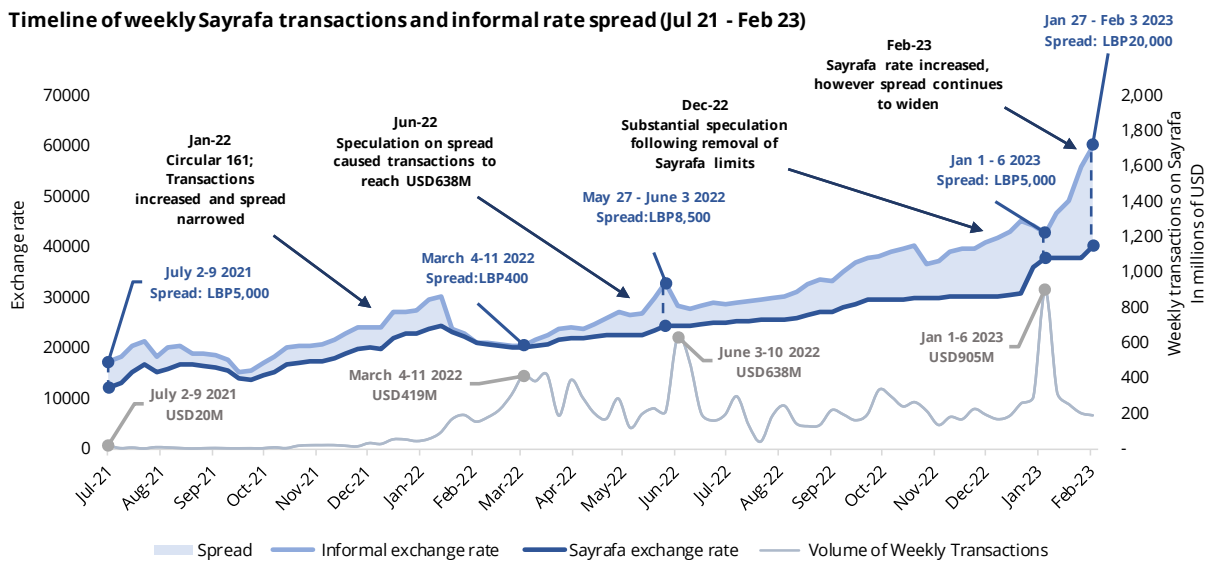
Timeline of the Exchange Rates' Variations Since October 2019



Timeline of the Exchange Rates' Variations and Central Bank interventions (Dec 21- Jan 23)



Timeline of weekly Sayrafa transactions and informal rate spread (Jul 21 - Feb 23)



Source: Lirarate.org

## 6. Economy and Markets

Worsening indicators reflected a tense socio-economic context as extreme fluctuations of the Lebanese Pound on the informal exchange rate negatively affected the economy. BLOM Bank's Purchasing Managers Index, an indicator of private sector activity, registered a decline in economic activity for the fourth month (since August 2022). Inflation was in part affected by record levels of currency in circulation despite the money supply decreasing by LBP13 trillion in January. According to the BDL Interim Balance sheet, currency in circulation fell from LBP80.1 trillion in late December 2022 to LBP75.1 trillion in late January 2023. Foreign currency reserves held by the Central Bank stood at USD10.4 billion in November 2022, its lowest level recorded since October 2019. Balances of trade and payments revealed that (1) the country imported USD1 billion more in goods and services than it exported in December 2022 and that (2) a net amount of USD354 million left the country in November 2022.

In the background of worsening living conditions, public administration employees announced a 9-day strike on January 18<sup>th</sup>. Moreover, public schools went on an open strike in early January, leaving 400,000 students out of school. The strike is still ongoing at the time of writing. The solution for both issues required a cabinet meeting and government action. Teachers have demanded raising wages, creating a platform to pay salaries, and raising transportation allowances and health coverage. Postal services have been on strike as well since January 23<sup>rd</sup>. Labour unions called for a general strike in mid-February.

This month's special cabinet session (January 18<sup>th</sup>) prioritised the electricity issue. Two credit lines worth USD116 million were approved for the import of fuel oil and maintenance works. Other pressing issues have been postponed to the next meeting, which is expected to be held in February. The Government has only met twice since May 20, 2022.

Given the accelerated pace of inflation, Parliament was set to discuss the capital control law in February, despite not having reached a final version after the draft law was modified by the Finance and Budget Commission. The goal is to speed up the process of satisfying requirements outlined in the Staff-Level Agreement reached with the International Monetary Fund (IMF) in April 2022. However, the Parliament cannot pass any law since the end of the last Presidential mandate, as the Constitution forbids passing any bill until another President of the Republic is elected.

Source for data on BDL assets: BLOM Invest

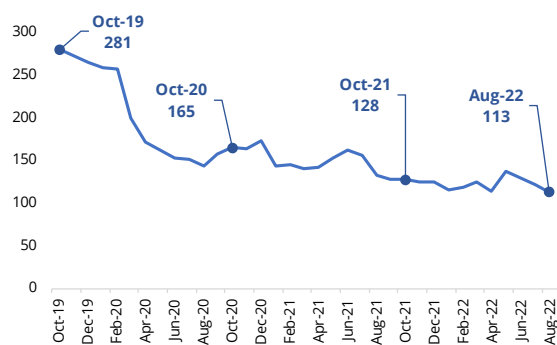
On January 30, the Finance and Budget Commission organised a meeting on a Draft Law on restructuring the Financial Sector. The latter requires a wide-ranging assessment of assets and losses that the financial sector incurred over the past three years.

On January 29<sup>th</sup>, QatarEnergy officially joined the consortium to explore oil and gas in two maritime blocks off the coast of Lebanon. QatarEnergy joined French TotalEnergies and Italian ENI to explore offshore blocs 4 and 9. Russian Novatek initially formed part of the consortium but pulled out in September 2022. According to local media, initial exploration revealed that Lebanese offshore blocs contained around 44 billion cubic feet of gas. Drilling is expected to start in autumn 2023. Although not yet official, Lebanon's share of gas revenues was expected to range between 50 and 60 percent.

On January 30<sup>th</sup>, the Ministry of Economy and Trade and the Parliamentary Budgetary and Financial Commission announced they planned to launch a Food Indicator. The indicator would be owned by the Ministry and developed in partnership with the private sector, including local producers, suppliers, importers and supermarket owners. The indicator aims to establish a clear list of prices for food products and primary goods in US dollars and allow retailers to price items in dollars, thereby securing prices from extreme fluctuations in the informal exchange rate. The announcement sparked widespread news that shops and supermarkets would start pricing their goods in US dollars as soon as February. At the time of writing, the Ministry of Economy and Trade was still examining the legal framework of the new price mechanism and ensuring that the latter did not infringe any law protecting customers' rights.

The implementation of an income tax was postponed following the opposition of the private sector to new income brackets and exchange rates imposed on salaries received in US dollars. The initial draft stated that the wages in US dollars would be calculated using the Sayrafa rate, and brackets would reach 25 percent. The Ministry of Finance later announced that it revised exchange rates and brackets to lower levels.

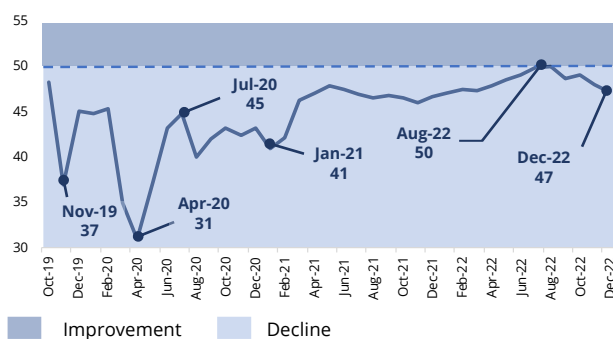
**BDL Coincident Indicator (Oct 19 - Aug 22)**



**The Coincident Indicator** is a gauge used to measure Lebanon's macroeconomic activity and comprises the import of petroleum derivatives, electricity production, check clearing activity, cement deliveries, foreign passengers, foreign trade, and the M3 monetary aggregate (i.e. currency in circulation in addition to all deposits, both in LBP and USD).

Source: Central Bank of Lebanon

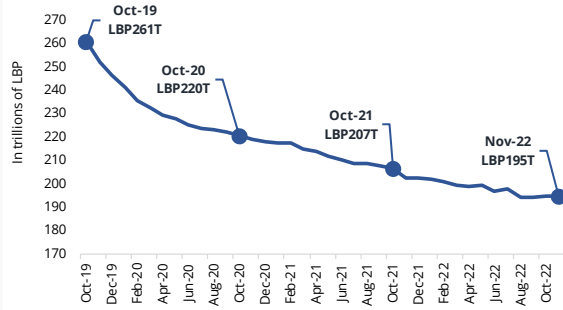
**BLOM Bank's Purchasing Managers Index (Oct 19 - Dec 22)**



**The Purchasing Managers Index** is calculated as a weighted average of five components: new orders, output, employment, suppliers' delivery times and stocks of purchases. A reading below 50 indicates that the economy is generally declining, a reading of 50 signals no change, and a reading above 50 indicates an overall improvement. The greater the divergence from 50, the greater the rate of change.

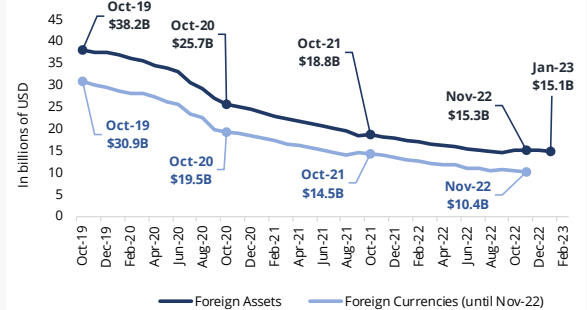
Source: BLOM Bank Analysis

**Commercial Banks- Total Deposits(Oct 19 - Nov 22)**



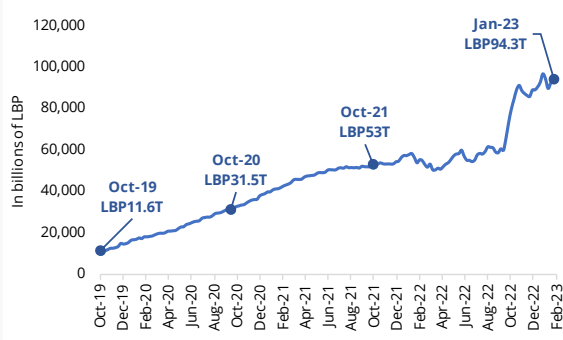
Source: BLOM Bank Analysis – **Total deposits** include private deposits (both resident and non-resident) as well as public deposits. Figures are subject to change due to ongoing revisions in the exchange rate of foreign currency deposits.

**Central Bank Foreign Assets (Oct 19 - Jan 23)**



Source: BLOM Bank Analysis – Central Bank of Lebanon

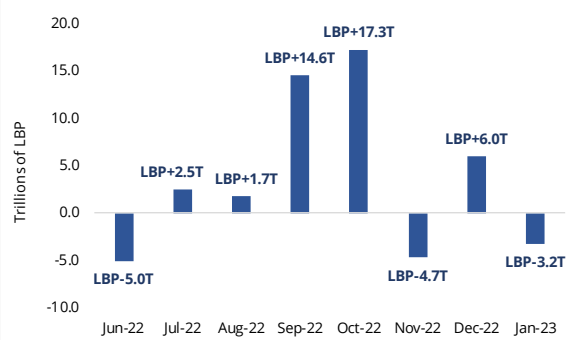
**M1 Supply (Oct 19 - Dec 22)**



**M1 Supply** includes all local currency in circulation in addition to demand deposits (i.e. current account deposits) in LBP.

Source: Central Bank of Lebanon

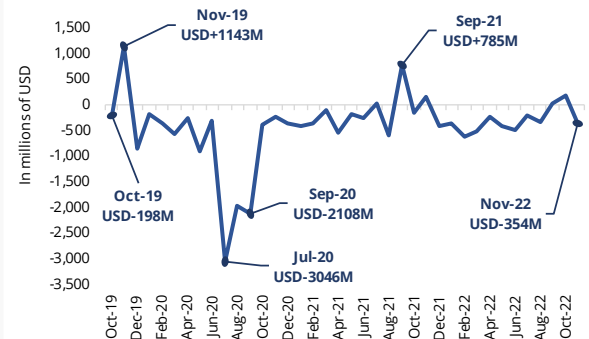
**Monthly change in circulating money (Jun 22 - Jan 23)**



**\*Net change since June 22: +LBP29.1 trillion**

Source: Central Bank of Lebanon

**Balance of Payments (Oct 19 - Nov 22)**



**The balance of payments (BOP)** is the method by which countries measure all of international monetary transactions within a certain period. The BOP is a metric commonly used to determine how much money is going in and out of a country. A positive BOP means more money going in than out, and a negative BOP means the opposite.

Source: BLOM Bank Analysis

**Balance of Trade (Dec 21 - Dec 22)**



**The balance of trade (BOT)** is the method by which countries calculate the difference between the value of exports and the value of imports in a given period. A negative trade balance means that the country is importing more than it is exporting and vice versa. The metric includes trade in goods through any of the country's Customs offices on the border with Syria, any ports, and airports.

Source: BLOM Bank Analysis



## 7. Energy

On January 4<sup>th</sup>, national electricity provider EDL announced it was forced to shut down its two largest power plants, Zahrani (South Lebanon) and Deir Ammar (North Lebanon) — each with a capacity of 430 megawatts (MW) — due to the depletion of its fuel reserve. EDL also announced that the Zouk (Kesrouan) and Jiyeh (Chouf) power plants would be operated for a week at most in order to supply vital institutions and public infrastructures.

On January 16<sup>th</sup>, the Lebanese Ministry of Energy and Water announced an initiative to solve the country's chronic power outages at the cost of \$600 million over five months to increase electricity supplies to 10 hours per day.

The caretaker cabinet of Prime Minister-designate Najib Mikati on January 19<sup>th</sup> approved four Treasury advances requested by Electricité du Liban (EDL) to finance fuel purchases and expenses for the maintenance of its power plants.

A first advance of \$62 million will be used to purchase diesel from two ships anchored off the coast of Lebanon since December, carrying 66,000 tons of diesel. The diesel will be delivered at the Deir Ammar (North Lebanon) and Zahrani (South Lebanon) power plants. A second advance of \$54 million will finance the maintenance of the country's power plants. Two other credit lines are pending validation by an *ad hoc* ministerial committee.

These amounts, comprising an overall advance of more than \$300 million, will be used to finance EDL's fuel needs between the

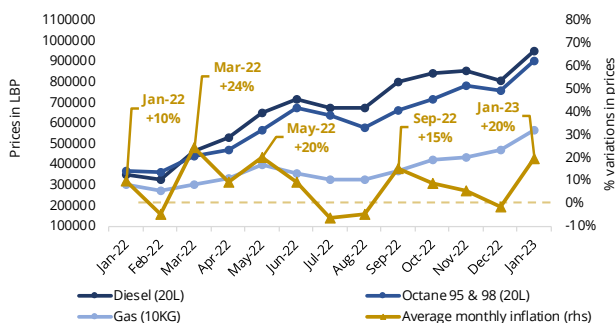
transitional period when electricity production will increase and when the new electricity tariffs will be applied. The increase in these tariffs, frozen since 1994, is intended to allow EDL to finance future fuel purchases.

The first electricity bills meant to reflect the new rates were expected to be issued in February. The new tariffs will range from \$0.10 per dollar for those consuming less than 100 kilowatt hours (kWh) per month to \$0.27 per kWh for those consuming more. The additional charge per ampere (A) is set at \$0.21. Subscription fees have all been increased: those previously set at LL5,000 will now be charged at \$4.3, while those at LL10,000 will be charged at \$8.6.

Cabinet also approved the one-year renewal of the swap agreement with Iraqi state company SOMO, to purchase 1 million tons of high-sulfur fuel for one year, which would then be exchanged for fuel compatible with EDL's grids. EDL had not received any fuel through its agreement with Iraq since Nov. 20, 2022. The next shipment (nearly 32,000 tons of fuel) was expected to arrive between Jan. 10 and 20, 2023.

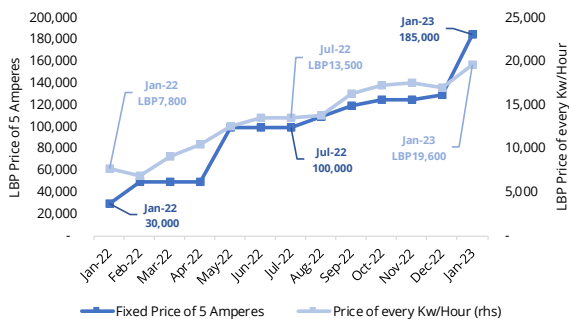
The American initiative to transport Jordanian power and Egyptian gas through Syria into Lebanon has yet to materialize. Moreover, advances by Russia and Iran to provide Lebanon with free shipments of diesel oil were declined for geopolitical reasons.

Monthly price average and variation (Jan 22 - Jan 23)



Source: IPT Group Data

Generator prices (Dec 21 - Dec 22)



Source: Ministry of Energy and Water