



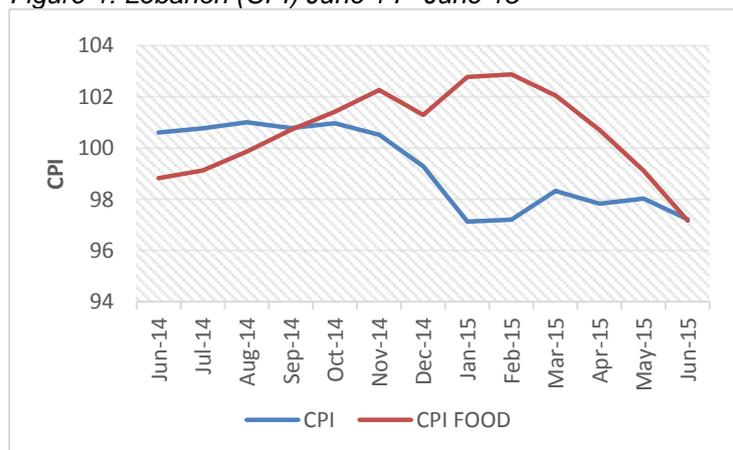
HIGHLIGHTS

- Lebanon Consumer Price Index (CPI) shows a 0.8 percent decrease in June compared to May, and 3.4 percent decrease compared to June 2014. Inflation was at -0.4 percent during this quarter.
- Staple food prices remained stable at the same level over the quarter.
- Prices in quarter two increased by 10 percent for diesel oil and kerosene, while it decreased by 10 percent for cooking gas (10 kg).
- The average Terms of Trade (TOT) between labour wage and price of rice stood at 17.37 Kg/day in June rising by 19 percent compared to May. On average the TOT in Lebanon for this quarter was 16.53 Kg/day. This reflects an increase in the purchasing power of wage laborers, provided access to wage labor is not constrained.
- The total average cost of the referential food basket stood at LBP 36,659 in June 2015. It decreased by 9.1 percent in quarter two compared to quarter one 2015.
- Prices in the Beirut, Mount Lebanon & South region remain higher than all other regions around the country.

Inflation and Consumer Price Index (CPI):¹

The Central Administration of Statistics in Lebanon (CAS) monthly CPI report shows a 0.8 percent decrease in Consumer Price Index (CPI) in June compared to the previous month. CPI also decreased by 3.4 percent compared to same time last year (June 2014). Average inflation registered a -0.4 percent for this quarter.

Figure-1: Lebanon (CPI) June 14 - June 15



CPI sub-index for food and beverages registered a decrease in Lebanon by about 2 percent in June compared to May 2015 as well as compared to June 2014

.2013=100

Global FAO Food Price Index:²

The FAO Food Price Index shows a decrease in June, down 0.9 percent compared to May, and 21 percent compared to the same month last year, in the contrary Cereals prices increased by 1.5 percent in June compared to May.³

Figure-2: Monthly Food Price Index June 14- June 15 (2004=100)



² The FAO Food Price Index (FPI) is a measure of the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices, weighted with the average export shares of each of the groups for 2002-2004.

³ Food and Agriculture Organization of the United Nation website

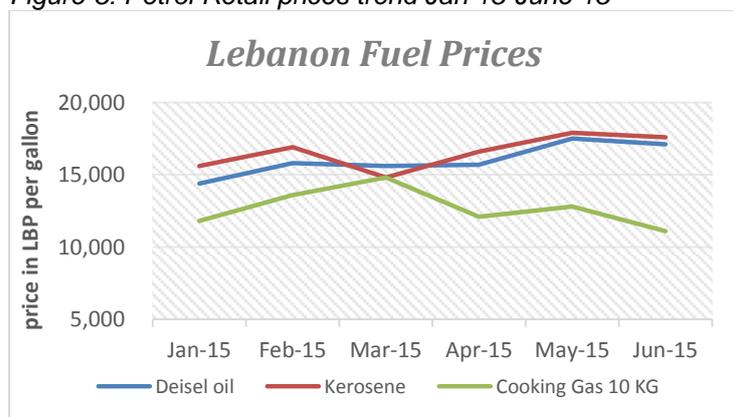
Over the last quarter (quarter two), food price index dropped down by 1.3 percent on average.

Prices of Petroleum Products:

Decreases in global fuel prices resulted in a decline in petroleum products prices in Lebanon since September 2014.

In June 2015 compared to May 2015, prices of diesel oil and kerosene decreased by 2 percent. Similarly prices of cooking gas (10 Kg) also decreased by 13 percent. Comparing quarter two prices to quarter one 2015, prices for diesel oil and kerosene increased by 10 percent; while prices for cooking gas (10 Kg) decreased by 10 percent.

Figure-5: Petrol Retail prices trend Jan 15-June 15



Terms of Trade between Labor Wage and Price of Rice:

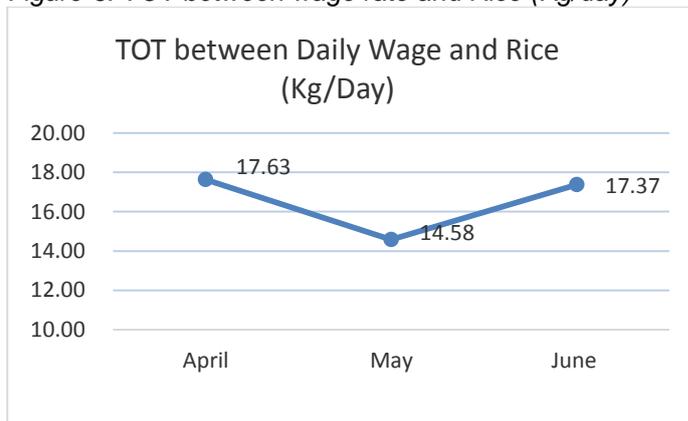
The TOT is a proxy indicator of the purchasing power of households, which rely on labour wage as their main source of income for the purchase of cereals from the market and it is an important component of food security analysis. Changes in TOT are indicative of the purchasing power⁴ and the food security situation of refugees; the higher the TOT, the greater the purchasing power for labour wage earners.

The ToT reveals how many Kilograms of Rice can be purchased with one-day casual unskilled labour wage, but does not say how many days a month a labourer can get to cover the family food needs.

The TOT stood at 17.37 Kg/day in June 2015 rising by 19 percent compared to May 2015, on average TOT in Lebanon for this quarter registered at 16.53 Kg/day, due to an increase of labour wage from from about 25,000 LBP in May to 32,000 LBP in June 2015.

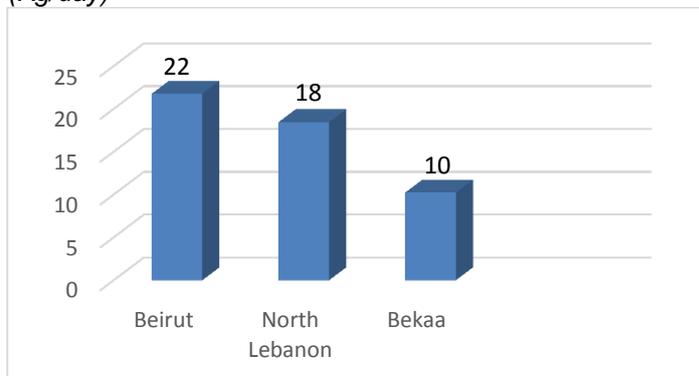
⁴ **Purchasing power** is a measurement of the relative value of money in terms of the quality and quantity of goods and services it can buy. It represents the ability of a household to acquire goods and services based on its access to money or other forms of wealth.

Figure-6: TOT between wage rate and Rice (Kg/day)



TOT was the smallest in Bekaa with 10 Kg/day, while the highest was in Beirut with 22 Kg/day.

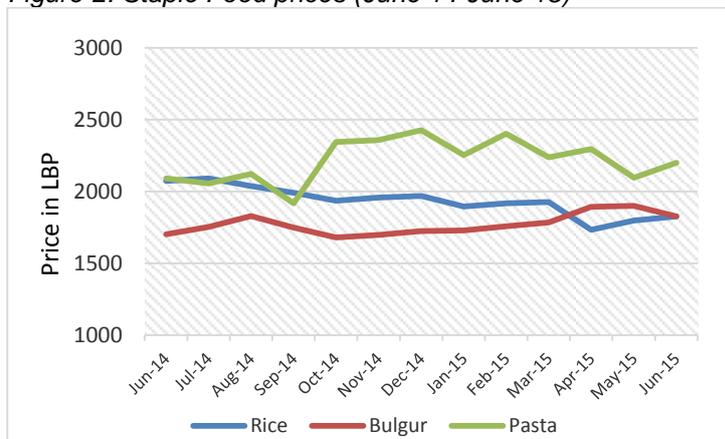
Figure-7: quarter two TOT between wage rate and Rice (Kg/day)



Staple commodity prices⁵:

Staple food price remains at the same level over the quarter, the price of pasta increased by 5 percent in June compared to May, while other staple foods remain with the average during the quarter.

Figure-2: Staple Food prices (June 14-June 15)

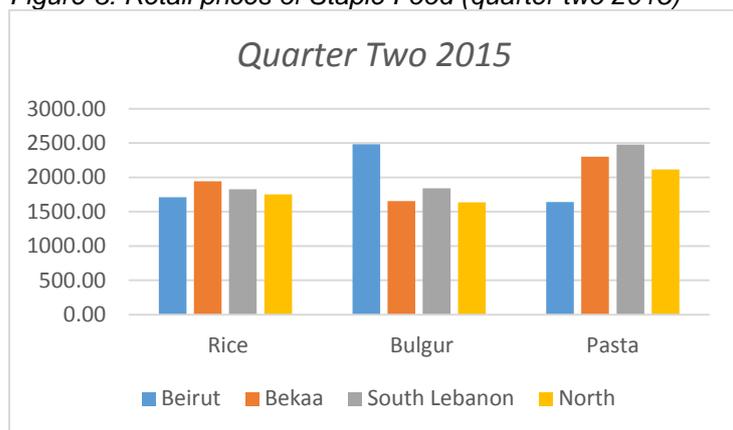


In quarter two 2015, bulgur price was the highest in Beirut, and pasta price was the highest in south

⁵ WFP market monitoring data (April-June, 2015)

Lebanon, figure 3 shows staple food prices for quarter 2 in different locations in Lebanon.

Figure-3: Retail prices of Staple Food (quarter two 2015)



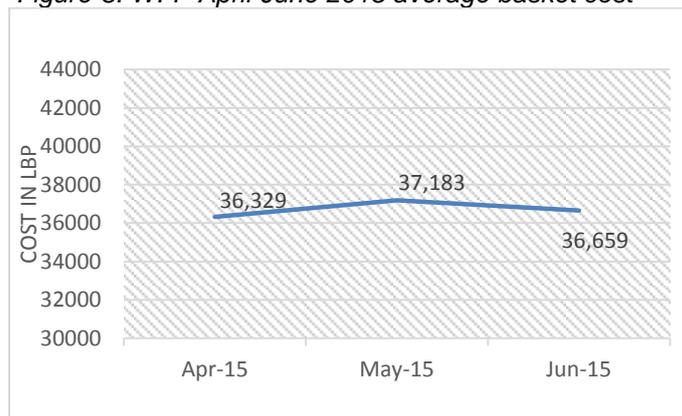
Voucher Price Index and its Cost (VPI):

The Voucher Price Index (VPI) is used to follow up the trend of the cost of the referential food basket over time⁶, and for the purpose of comparison between countries in the region.

To utilise the food basket monitoring tool that facilitates a monthly comparison of the total cost of the referential food basket, each month retail food prices of each item contained within the food basket are monitored in about 90 contracted shops as well as 50 non-contracted control shops.⁷

The total average cost of the referential food basket almost remained stable throughout the quarter, with 9.1 percent decrease compared to quarter one 2015.

Figure-8: WFP April-June 2015 average basket cost



The cost of the WFP referential food basket in contracted shops was lower than non-contracted shops

⁶ The Referential food basket includes 4.5 kg rice, 6 kg bulgur, 1.5 kg pasta, 1.2 kg lentil, 1 kg sugar, 1 kg vegetable oil, 0.15 kg salt, 0.9 kg chicken, 0.57 kg eggs, 0.24 kg cheese, and 0.6 kg cucumber per beneficiary/month and provides 2100 KCal/day.

⁷ The food items that are monitored in the WFP contracted shops and non-contracted shops are the same and are of similar quality based on the preference of Syrian refugees.

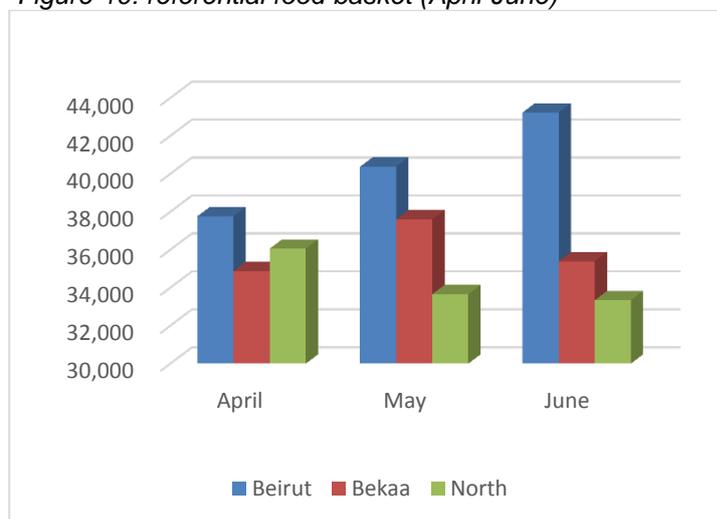
with about 4.3 percent over the quarter. Further monitoring will be conducted to understand the reasons behind the fluctuation between the prices of WFP and non-WFP shops.

Figure-9: contracted Vs non-contracted shops



Referential food basket cost was the highest in Beirut during the quarter with an average of 40,416 LBP (US \$ 26.9) while it was less than the total food assistance in both Bekaa and North with about 10 percent (35,955 LBP, US \$23.97) in the Bekaa and 14 percent (34,697 LBP, US \$ 23.1) in the north.

Figure-10: referential food basket (April-June)



The decrease in the voucher value recorded for the second quarter of 2015 as compared to the first quarter of 2015 is in line with the overall decrease of food prices recorded in the CPI and the FAO food index as well as the decrease in the price of diesel oil. The terms of trade as well as analysis of food prices by region indicate that the Beirut, Mount Lebanon & South region remain the most expensive in terms of Labour wage and food products. The ToT of labour

wage and the price of rice indicates a greater purchasing power in the Beirut, Mount Lebanon & South region, provided access to wage labor is not constrained.

Analysis on the referential food basket reveals that the Syrian crisis affected populations receiving food assistance in Lebanon would be able to cover their needs based on the calculated voucher value of US\$ 27. Nevertheless, assistance delivered since January 2015 has decreased to US \$ 19 (January-June) due to funding constraints, constraining further their purchasing power in the context of their limited access to livelihood opportunities and other assistance.

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