



# Liberia Institute of Statistics & Geo-Information Services

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## NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) MAY 2022



### THE INFLATION RATE FOR THE MONTH OF MAY, 2022 WAS 6.23%

Inflation is a decrease in the purchasing power of money, reflected in a general increase in the prices of goods and services in an economy. In the simplest term, Inflation means consumers can buy less with the same amount of money. The Consumer Price Index (CPI) measures the change over time in the general price level of goods and services households acquire for consumption. Liberia’s CPI has a weight reference period of December 2018 and the Index is referenced to December 2005 to maintain the trend due to base period prices.

#### May 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 6.23 Percent. This rate of inflation for May 2022 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from May 2021 to May 2022. In the nutshell, what the data depicts is that the general price level increased by 6.23 percent on a year-on-year basis. The month recorded about two percentage points

Table 1: Liberia Consumer Price Index (CPI), May 2021-May 2022)

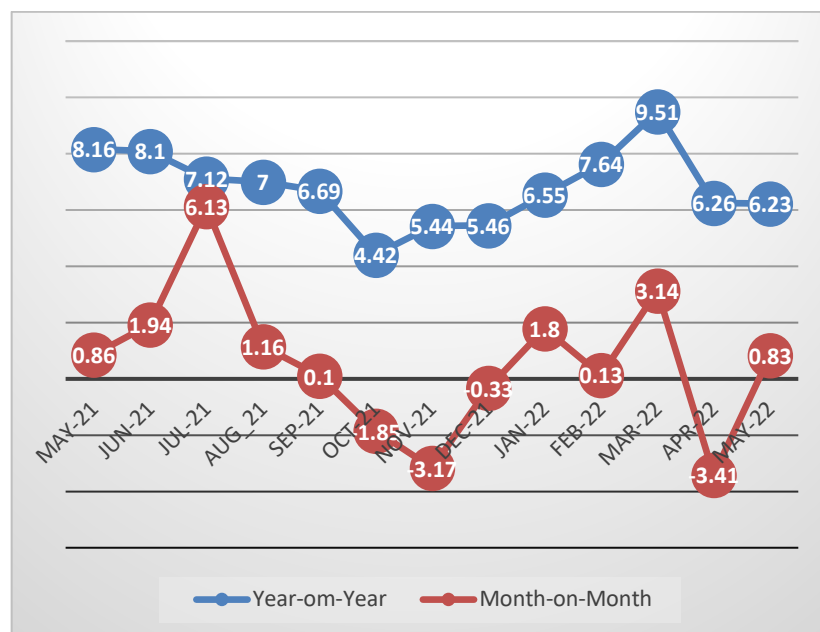
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
May-21	551.56	0.86	8.16
Jun-21	562.26	1.94	8.10
Jul-21	596.71	6.13	7.12
Aug_21	603.65	1.16	7.00
Sep-21	604.25	0.10	6.69
Oct-21	593.00	-1.85	4.42
Nov-21	574.20	-3.17	5.44
Dec-21	572.28	-0.33	5.46
Jan-22	582.56	1.80	6.55
Feb-22	583.32	0.13	7.64
Mar-22	601.62	3.14	9.51
Apr-22	581.08	-3.41	6.26
<b>May-22</b>	<b>585.92</b>	<b>0.83</b>	<b>6.23</b>

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decrease from May 2021 to May 2022 (8.16 percent and 6.23 percent, respectively). The Month-on-Month Change for May 2022 was less than one percentage point. Meanwhile, the Year-on-Year Inflation

Rate for the month of April 2022 was 6.26 percent. All items within the Basket are grouped according to the **Classification of Individual Consumption by Purpose (COICOP)**, an international hierarchical classificatory scheme developed by the United Nations Statistics Division to classify and analyze individual consumption expenditures incurred by households. The 12 functions are being used for Liberia’s CPI Compilation.

**Figure 1: Consumer Price Index (CPI), May 2021 to May 2022 - Monthly and Annual Changes in Time Series**



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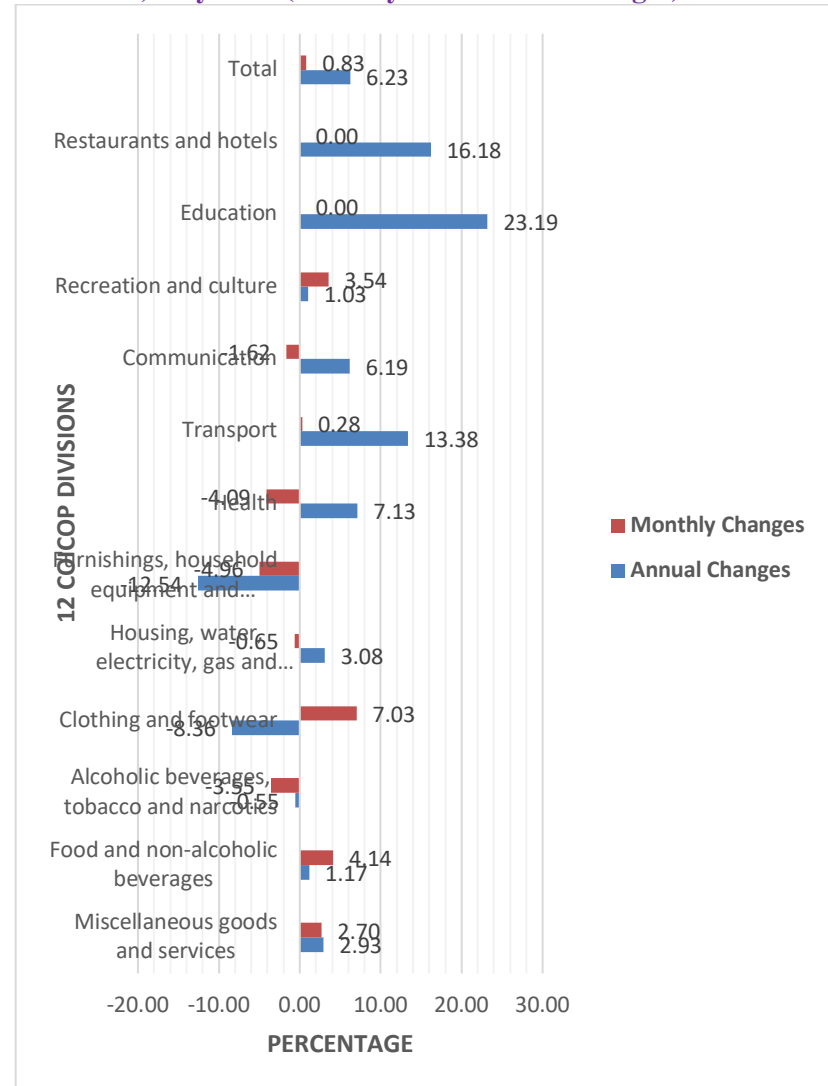
### Food and Non-food Inflation for May 2022

**The Food and non-alcoholic beverages division**, on a Year-on-Year basis was recorded at 1.17 percent for May 2022. The group recorded -4.04 percent in May 2021. In the Food and Nonalcoholic Beverages Division, the Fish subgroup registered the highest inflation rate of about 18.0 percent while the Vegetable subgroup recorded the lowest (-32.4 percent). In the Food Subgroup, three classes recorded inflation rates lower than the group’s average rate of 1.07 percent. They are: Bread and Cereals (-0.6 percent); Vegetables (-32.4 percent), and Food products (-5.3 percent). In the Non-Alcoholic Subgroup, coffee, tea, and cocoa recorded inflation rate of 10.9 percent while mineral waters, soft drinks, fruit and vegetable juices recorded inflation rate of about -26.0 percent.

**The Non-Food Division** recorded a Year-on-Year Inflation Rate of 8.74 percent in May 2022, decreasing by about seven percentage points from the 15.43 percent recorded in May 2021. Education recorded the highest (23.19 percent), followed by Restaurants and Hotels (16.18 percent). Furnishings, household equipment and routine household maintenance recorded the lowest of about -12.54 percent. Only three out of the 11 divisions within the Non-Food category recorded inflation rates higher than the sum of the nonfood category of 8.74 percent. They are: Education (23.19 percent), Restaurants and hotels 16.18 percent),

Transport (about 13.38 percent). In the Education Group, Senior Secondary Education and University Fees account for the highest increases (about 20.0 percent and 40.0 percent, respectively). In the Restaurant and Hotel Group, Food away-breakfast/lunch/dinner account for the highest increase of about 15.0 percent while in the Transport Group, Petrol and Diesel account for the highest increase of about 26.0 percent.

**Figure 2: Inflation Rate (%) by the 12 major COICOP Functions, May 2022 (Monthly and Annual Changes)**

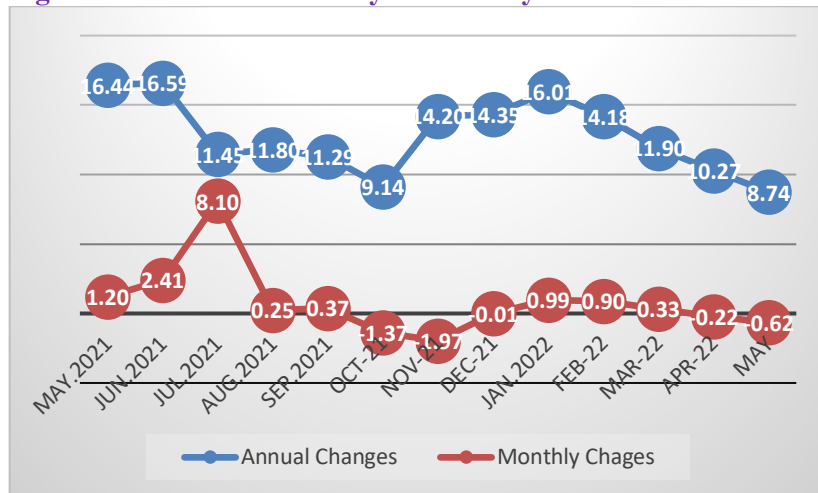


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### Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 8.74 percent in the month of May 2022, about eight percentage points decrease from the 16.44 percent recorded in May 2021. Month-on-Month Change was -0.62 percent.

**Figure 3: Core Inflation- May 2021 – May 2022**

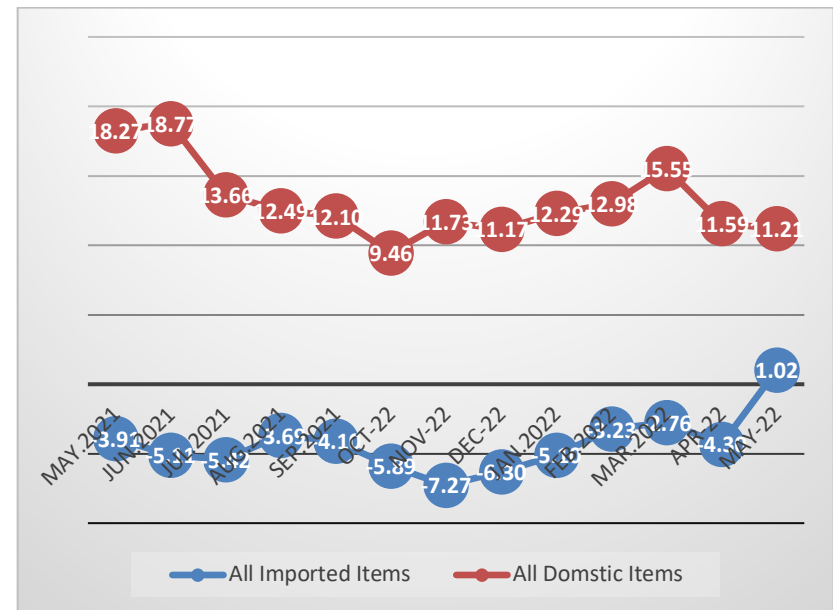


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Figure 4 below presents data for all imported and domestic items, respectively covering the period May 2021 to May 2022. As depicted, in the past 12 months, all imported items within the Basket continue a negative trend - since May, 2021. Inflation Rate for all imported items for the month of May 2022 was reported at 1.02 percent compared to

the -3.91 percent recorded in the same month of 2021. On the other hand, all domestically produced items continue a positive and strong trend, reporting inflation of 11.21 percent in May 2022, about 7.0 percentage points decrease from the 18.27 percent recorded in May 2021. It is important to note that Liberia is hugely import reliant with a competitive market system, but in which prices of imported items are more regulated by state authorities than those of domestically produced items.

**Figure 4: Inflation Rate: Imported and Domestic items (May 2021 to May 2022)**



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### **Key factors contributing to the decrease in inflation for May 2022**

Liberia's Inflation Rate is strongly associated with the behavior of the Liberian Dollar against the United States Dollar coupled with demand constraints. The exchange rate has been relatively stable in recent years, it is worth noting. For the month of May, major price decreases were recorded in the Furnishings, household equipment and routine household maintenance subgroup which is due to weak demand.

In the Food Group, the vegetable subgroup recorded a very sharp decline, simply due to seasonality (higher supply and lower demand).

### **Method of Calculating Indices**

For the computation of indices, two methods are used: For Elementary Indices, Jevons Geometric Average Index Formula is used while the modified Laspeyres Index Formula is used to compute Aggregate Index.

### **Composition of the CPI Basket**

The current basket contains 161 items while the discarded basket contained 157. There are 317 products in the new basket whereas the old basket contained 306 and the number of quotations for market data items is 4 and 3-9 for service items. There are 114 items in the service category and 47 items in the market category of the new basket and market data are being collected from four markets only: Red Light, Duala, Rally Time, and General Market (Waterside).

### **Limitations of the CPI**

Liberia's CPI Data for market items are only collected in the four major markets of Monrovia and its immediate environs of Paynesville and Bushrod Island. For service items, data is collected in all major supermarkets, shops, stores, restaurants and hotels in Monrovia and its immediate environs.

### **Dissemination**

A bulletin on the May 2022 CPI and more detailed data in Excel format have been posted on the LISGIS website [www.lisgis.net](http://www.lisgis.net). The target publication date of the monthly CPI Report is the 10<sup>th</sup> of each month for the previous month's report.

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