



Liberia Institute of Statistics & Geo-Information Services

Capitol Hill, Monrovia Liberia
P.O. Box: 629



NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) JULY 2022



THE INFLATION RATE FOR THE MONTH OF JULY, 2022 WAS 6.48%

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.

July 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 6.48 Percent. This rate of inflation for July 2022 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from July 2021 to July 2022. In a nutshell, what the data depicts is that the general price level increased by 6.48 percent on a year-on-year basis. The month recorded less than one percentage point decrease from July 2021 to July 2022 (7.12 percent and 6.48 percent, respectively).

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

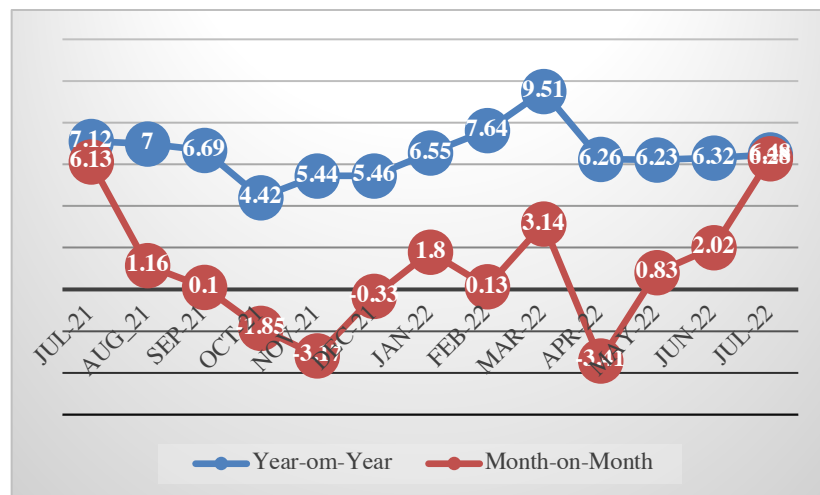
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Jul-21	596.71	6.13	7.12
Aug_21	603.65	1.16	7.00
Sep-21	604.25	0.10	6.69
Oct-21	593.00	-1.85	4.42
Nov-21	574.20	-3.17	5.44
Dec-21	572.28	-0.33	5.46
Jan-22	582.56	1.80	6.55
Feb-22	583.32	0.13	7.64
Mar-22	601.62	3.14	9.51
Apr-22	581.08	-3.41	6.26
May-22	585.92	0.83	6.23
Jun-22	597.78	2.02	6.32
Jul-22	635.36	6.28	6.48

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The Month-on-Month Change for July 2022 was about 6.28 percent. Meanwhile, the Year-on-Year Inflation Rate for the month of June 2022 was 6.32 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), July 2021 to July 2022 - Monthly and Annual Changes in Time Series



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Food and Non-food Inflation for July 2022

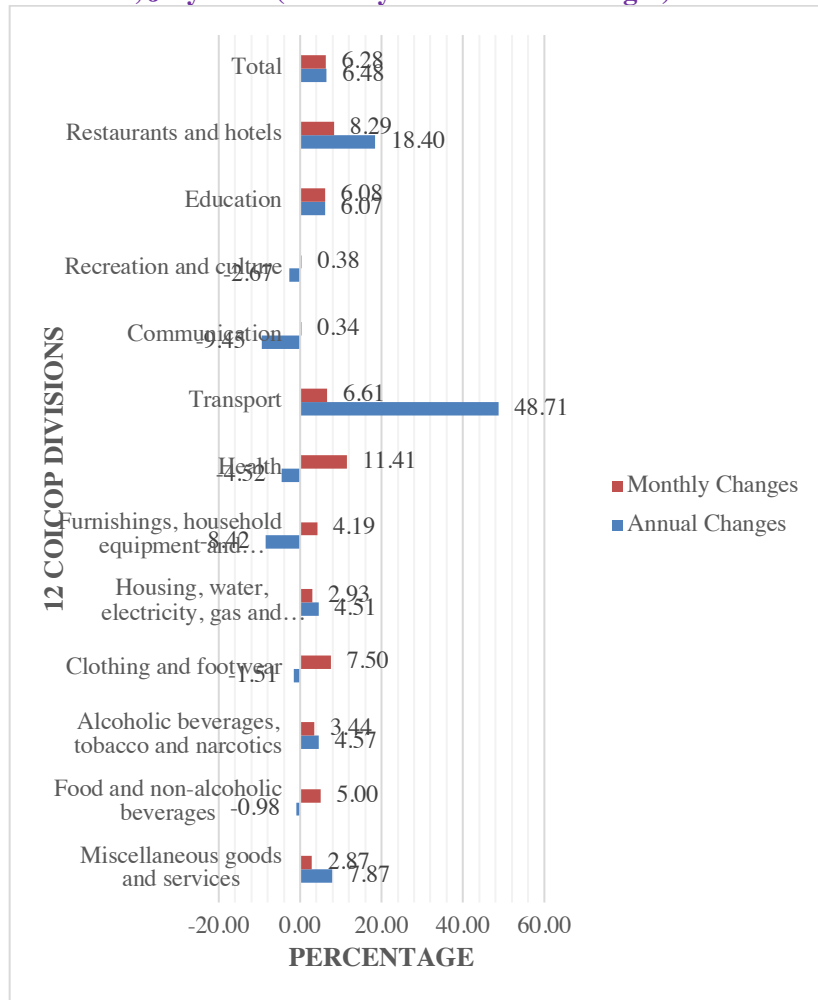
The Food and non-alcoholic Beverages Division, on a Year-on-Year basis, recorded a rate of a little below negative 1.0 percent for July

2022. The group recorded about 0.2 percent in July 2021. In the **Food and Nonalcoholic Beverages Division**, the Coffee, tea and cocoa subgroup registered the highest inflation rate of about 24.0 percent while the Vegetable subgroup recorded the lowest (-46.0 percent). Tea is mostly consumed during the rainy season and vegetable is widely produced during the same season. In the Food Subgroup, two classes recorded inflation rates lower than the group’s average rate of less than negative 1.0 percent. They are: Vegetables (-46.0 percent), Food products such as pepper, salt, etc. (-16.0 percent). In the Non-Alcoholic Subgroup, coffee, tea, and cocoa recorded inflation rate of about 24.0 percent while mineral waters, soft drinks, fruit and vegetable juices recorded inflation rate of about -28.2 percent.

The Non-Food Division recorded a Year-on-Year Inflation Rate of 10.01 percent in July 2022, decreasing by less than one percentage point from the 10.73 percent recorded in July 2021. Transport recorded the highest (nearly 49.0 percent), followed by Restaurants and Hotels (18.40 percent). The Communication Division recorded the lowest of about -9.45 percent. Only two out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 10.01 percent. They are: Transport (nearly 49.0 percent) and Restaurants and hotels (18.40 percent). In the Transport Group, Fuel and Lubricants account for the highest increase of about 36.0 percent while in the Restaurant and Hotel Group, food

consumed away from home (breakfast/lunch/dinner) account for the highest increase of about 19.0 percent.

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

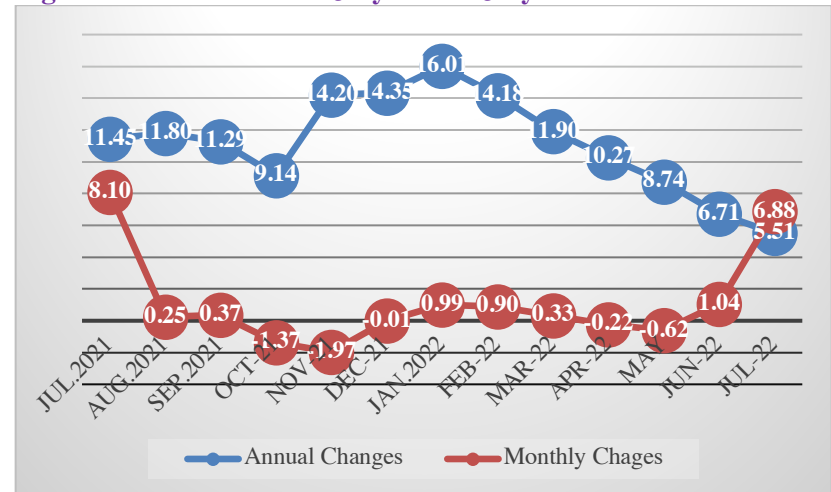


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 5.51 percent in the month of July 2022, about 6.0 percentage points decrease from the 11.45 percent recorded in July 2021. Month-on-Month Change was 6.88 percent.

Figure 3: Core Inflation- July 2021 – July 2022

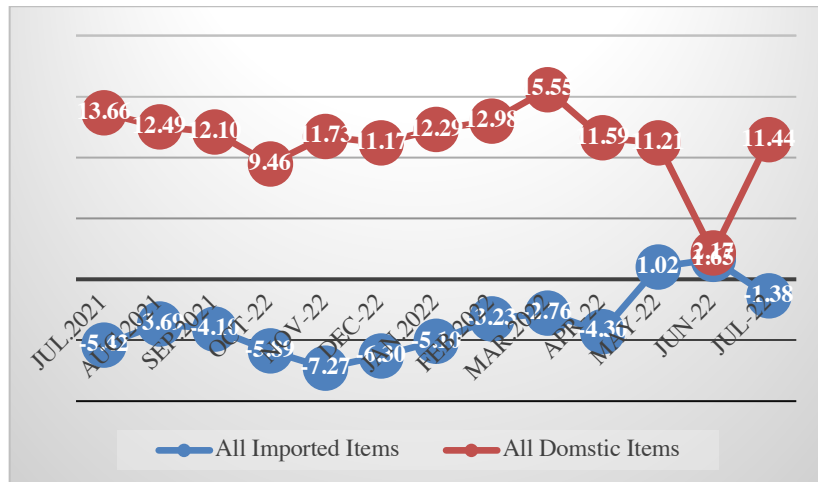


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Figure 4 below presents data for all imported and domestic items, respectively covering the period July 2021 to July 2022. As depicted, the month of July 2022 recorded the rate of negative 1.38 percent all imported items combined within the Basket. In July 2021, the rate was negative 5.42 percent. In fact, on a year-on-year basis, that between

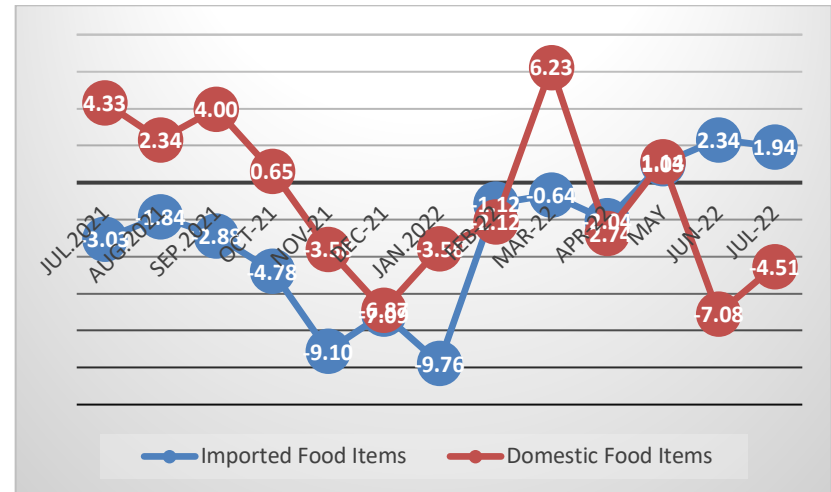
July 2021 and July 2022, only the months of May and June, 2022 recorded rates for this category of items in positive digits (1.02 and 1.65, respectively). On the other hand, all domestically produced items within the Basket continue a positive and strong trend, reporting in double digits with the month of July 2022 recording 11.44 percent, which is about 2.0 percentage points decrease from the 13.66 percent recorded in July 2021. It is important to note that Liberia is hugely import reliant with a competitive market system. It is observed that the appreciation of the Liberian Dollars over the period is likely to be a contributing factor for this trend.

Figure 4: Inflation Rate: All Imported and Domestic Items (July 2021 to July 2022)



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Figure 4: Inflation Rate: Imported and Domestic Food Items (July 2021 to July 2022)



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Figure 4 above presents data for imported and domestically produced food items, respectively. As depicted, imported food items reported inflation rate of 1.94 percent while domestically produced food items reported -4.51 percent for the month of July, 2022. In July 2021, imported food items were at -3.03 percent while domestically produced food items were at 4.33 percent.

Key factors contributing to the slight increase in Inflation for July 2022

Liberia's Inflation Rate is strongly associated with the behavior of the Liberian Dollar against the United States Dollar, coupled with demand constraints. Meanwhile, the exchange rate has been relatively stable in recent years, it is worth noting. For the month of July 2022, major price increases were recorded in the Transport Division, especially fuel and lubricants and can be strongly attributed to prevailing global crisis affecting the oil industry.

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 July 2022 CPI and more detailed data in Excel format have been posted on the LISGIS website www.lisgis.net. The target publication date of the monthly CPI Report is the 10th of each month for the previous month's report.

For comments/inquiries, please contact the followings:

Hon. Wilmot F. Smith, Jr. – Deputy Director-General for Information Dissemination (cell: wil2ksmith@yahoo.com)

Mr. Boima H.M. Sonii – Director/Economic Statistics (bhmsonii1975@gmail.com; b.sonii@yahoo.com; +231-886524773

Andrew A. Tellewoyan – Asst. Director/Industrial Statistics (tellewoyanandrew@yahoo.com; +231-886633149/+231-776212810