



# Liberia Institute of Statistics & Geo-Information Services

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



### THE INFLATION RATE FOR THE MONTH OF OCTOBER, 2022 WAS 9.12%

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 Basket has a Weight Reference Period of 2016 while Price is referenced to December 2018. The Index is chain-linked to December 2005.

#### October 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 9.12 Percent. This rate of inflation for October 2022 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from October 2021 to October 2022. Simply put, the data shows that the general price level increased by 9.12 percent on a year-on-year basis. The month recorded nearly five percentage points increase from a low of 4.42 percent in October 2021.

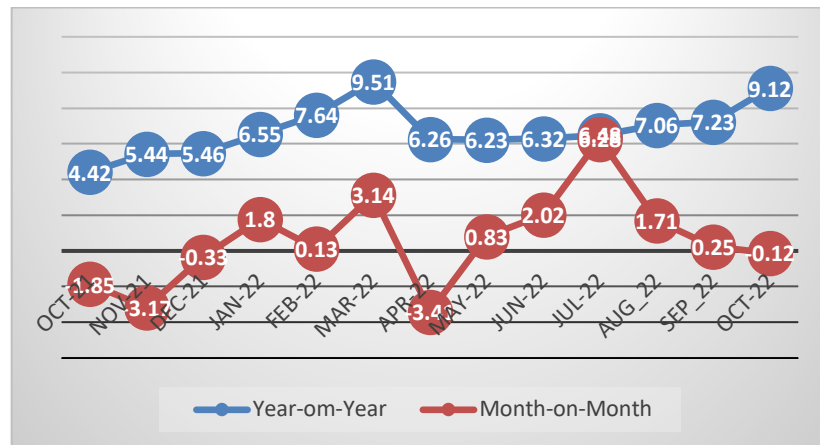
Table 1: Liberia Consumer Price Index (CPI), Oct. 2021-Oct. 2022)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
Aug-22	646.24	1.71	7.06
Sep-22	647.83	0.25	7.23
<b>Oct-22</b>	<b>647.08</b>	<b>-0.12</b>	<b>9.12</b>

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The Month-on-Month Change was negative 0.12 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (September 2022) was 7.23 percent.

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



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**Food and Non-food Inflation for October 2022**

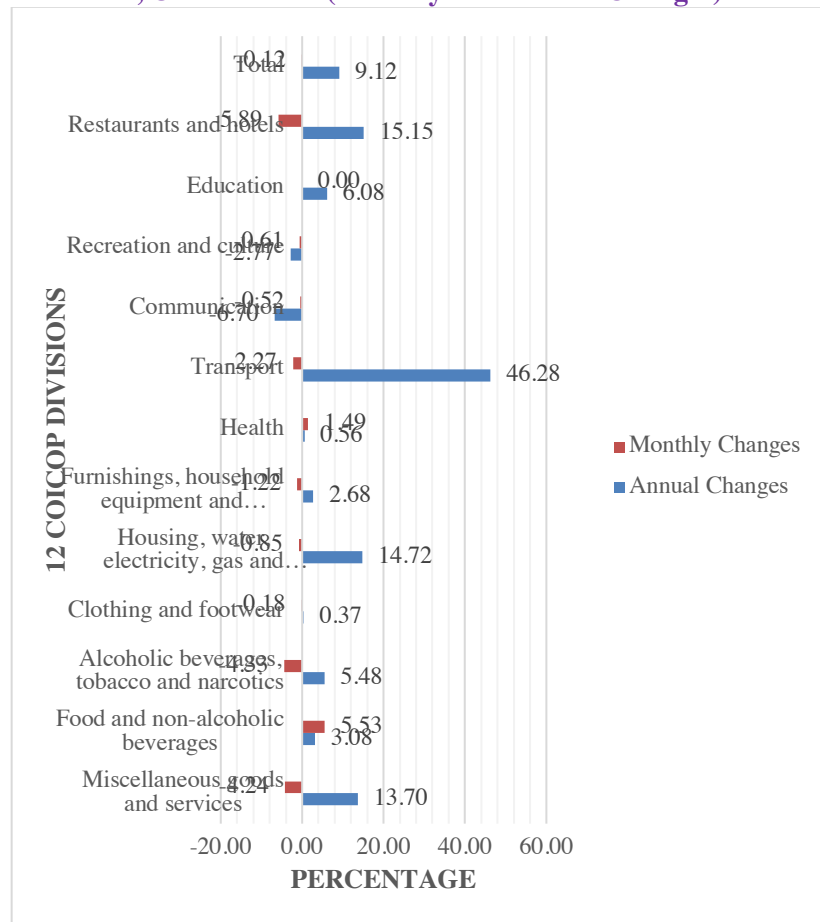
**The Food and Non-alcoholic Beverages Category**, on a Year-on-Year basis, recorded a rate of 3.08 percent. The group recorded negative 2.39 percent in October 2021. In this category, the Bread and Cereal Subgroup registered the highest inflation rate of about 29.0 percent with Imported Rice registering the highest Inflation of about 33.0 percent while the Vegetable subgroup recorded the lowest (-39.4 percent) in October of 2022. Demand for rice has increased sharply

due to scarcity. On the other hand, vegetable is widely produced during the Rainy Season. In the Food Subgroup, four classes recorded inflation rates higher than the group’s average rate of 3.08 percent. They are: Milk, Cheese and Eggs (9.0 percent), Fruits (-9.2 percent) oils and fats (3.45 percent) and Sugar, jam, honey, chocolate and confectionery (14.0 percent).

**The Non-Food Category** recorded a Year-on-Year Inflation Rate of about 12.0 percent in October 2022, increasing by about four percentage points from the 8.0 percent recorded in October 2021. In the **Non-Food Category**, Transport Division recorded the highest (46.2 percent) with transport by road accounting for the highest increase (35.35 percent). The Restaurants and Hotels Division recorded the second highest inflation of 15.15 in the Nonfood Category with food consumed away from home (breakfast/lunch/dinner) accounting for the highest increase. The Communication Division recorded the lowest of about negative 6.70 percent in the Nonfood Category with Scratch Cards (Vouchers) accounting for the lowest (-17.2 percent) in the Communication Division which can be attributed to the appreciation of the Liberian Dollars compared to October 2021. Four out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of about 12.0 percent. They are: **Transport** (about 46.2

percent), **Restaurants and hotels** (15.15 percent), **Housing, water, electricity, gas and other fuels** (about 15.0 percent) and **Miscellaneous Goods and Services** (13.70).

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

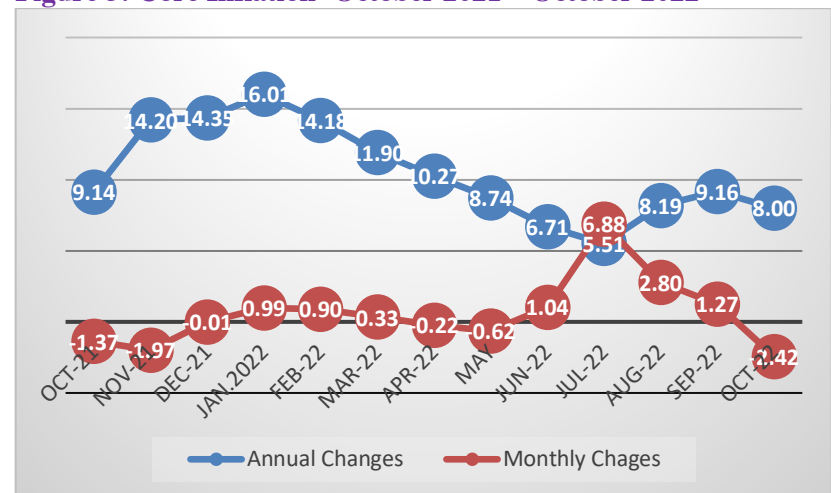


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### Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 8.0 percent in the month of October 2022, about one percentage point decrease from the 9.14 percent recorded in October 2021. Month-on-Month Change was negative 2.42 percent.

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

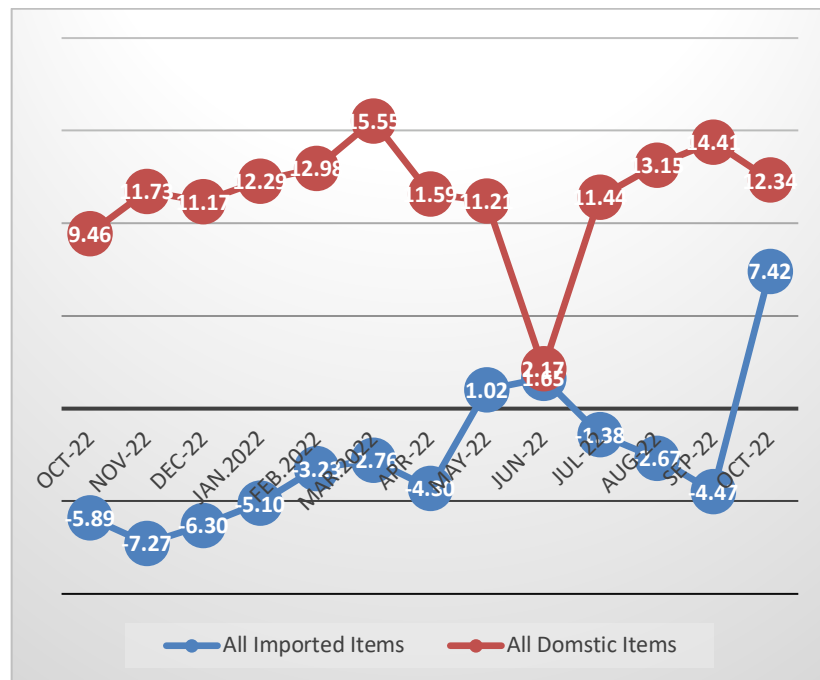


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Figure 4 below presents data for all imported and domestic items respectively, covering the period October 2021 to October 2022. As depicted, the month of October 2022 recorded a rate of 7.42 percent for all imported items combined within the Basket. In October 2021, the rate was about negative 6.0 percent. All domestically produced

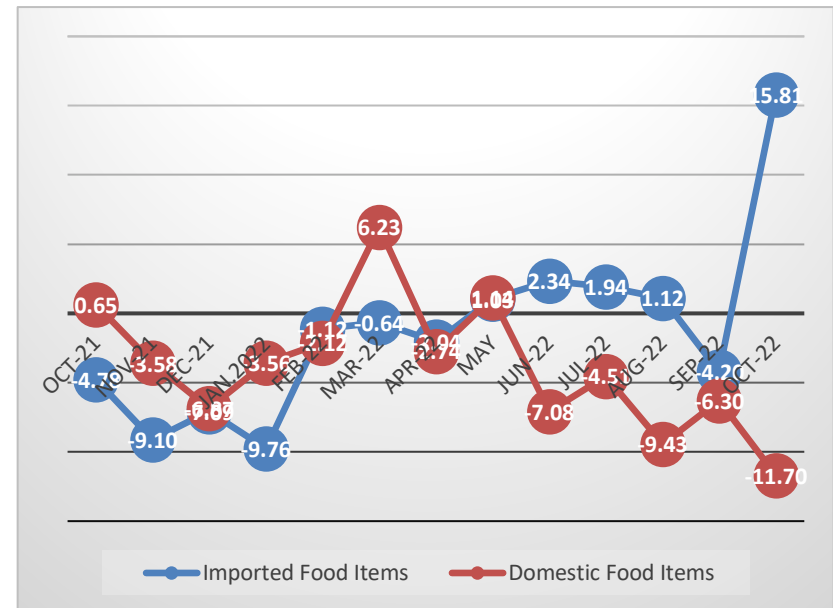
items within the Basket grouped as a unit continue a positive and strong trend, reporting in double digits within the month of October 2022. The group recorded 12.34 percent, about three percentage points increase from the 9.46 percent recorded in October 2021. It is important to note that Liberia is 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 (October 2021 – October 2022)**



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**Figure 5: Inflation Rate: Imported and Domestic Food Items (October 2021 to October 2022)**



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Figure 5 above presents data for imported and domestically produced food items, respectively. As depicted, imported food items (as a group) reported a rate of about 16.0 percent while domestically produced food items (as a group) reported a rate of negative 11.70 percent for the month of October, 2022. In October, 2021 imported food items were at about negative 3.0 percent while domestically produced food items reported less than one percent.

### **Key factors contributing to the increase in Inflation for October 2022**

In October 2022, annual inflation rate increased to 9.12 percent from 7.23 percent in September 2022 mainly due to increase in food inflation as a result of hike in the prices of rice, especially imported rice. The upward trend in the inflation was also attributed to transport fares, especially road transport in the Nonfood Category. The increase in the inflation rate can be strongly attributed to high demand occasioned by prevailing global crisis affecting the oil industry and the sudden scarcity of rice on the Liberian Market.

### **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.

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.

### **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 October 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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