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NEWSLETTER
LIBERIA CONSUMER PRICE INDEX (LCPI)
FEBRUARY, 2022



THE INFLATION RATE FOR THE MONTH OF FEBRUARY, 2022 WAS 7.64%

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.

February 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 7.64 Percent. This rate of inflation for February 2022 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from February 2021 to February 2022. In the nutshell, what the data depicts is that the general price level increased by about 8 percent from February 2021 to February 2022. The month recorded a nearly three percentage points decrease from February 2021 to February 2022 (10.50 percent and 7.64 percent, respectively). The Month-on-Month

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

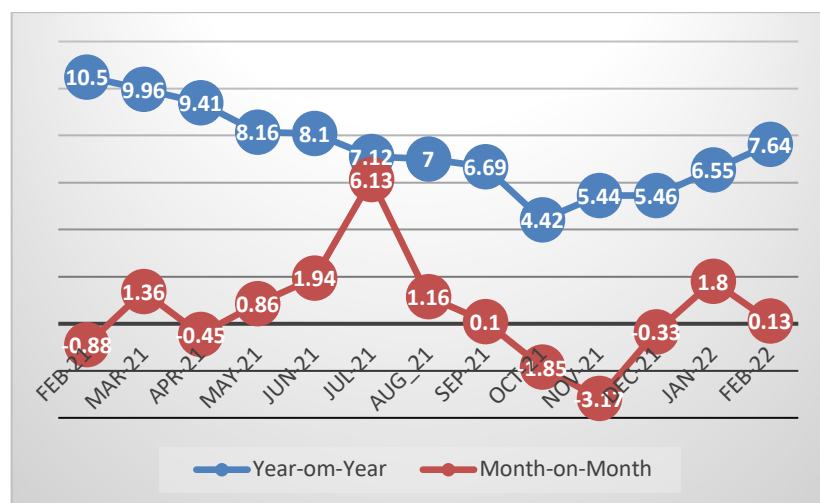
LISGIS 2022

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Feb-21	541.90	-0.88	10.50
Mar -21	549.35	1.36	9.96
Apr-21	546.87	-0.45	9.41
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

Change for February 2022 was less than one percent. Meanwhile, the Year-on-Year Inflation Rate for the month of February 2021 was 10.50 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), February 2021 to February 2022 - Monthly and Annual Changes in Time Series



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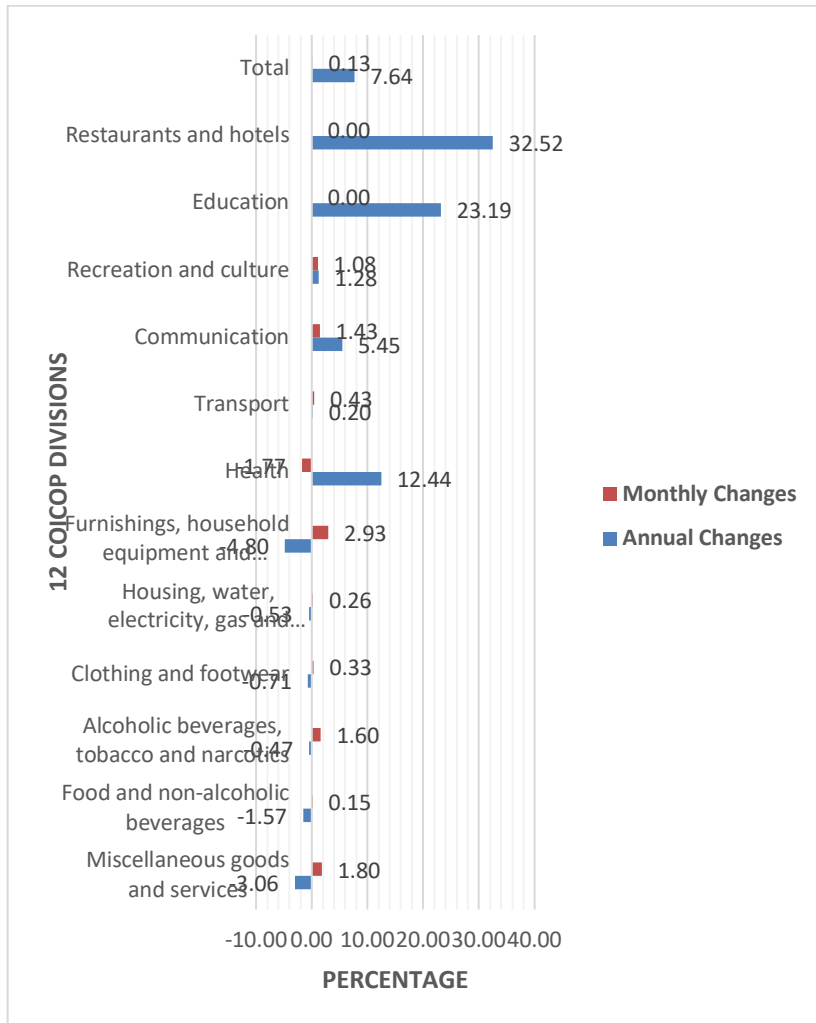
Food and Non-food Inflation for February 2022

The **Food and non-alcoholic beverages division** declined, on a Year-on-Year basis to -1.57 percent for February 2022. The group recorded about 10.0 percent in February 2021. In the Food and Nonalcoholic

Beverages Division, the vegetables subgroup registered the highest inflation rate of about 25.0 percent while the Fish subgroup recorded the lowest (-25.3 percent). In the Food Subgroup, four classes recorded inflation rates lower than the group’s average rate of -1.57 percent: Bread and Cereals (-2.2 percent), Meat (-10.4 percent), Fish (-25.3 percent) and Food Products (about 16.0 percent). In the Non-Alcoholic Subgroup, coffee, tea, and cocoa recorded inflation rate of -2.1 percent while mineral waters, soft drinks, fruit and vegetable juices recorded inflation rate of about -4.0 percent.

The **Non-Food Division** recorded a Year-on-Year Inflation Rate of 12.60 percent in February 2022, increasing by about 2 percentage points from the 10.51 percent recorded in February 2021. Restaurants Hotels Division recorded the highest inflation rate of 32.52 percent, followed by Education (23.19 percent). Furnishings, household equipment and routine household maintenance recorded the lowest of about -5 percent. Only two out of the 11 divisions within the Non-Food category recorded inflation rates higher than the sum of the nonfood category of 14.24 percent. They are: Education (23.19 percent) and Restaurants and hotels (32.52 percent).

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

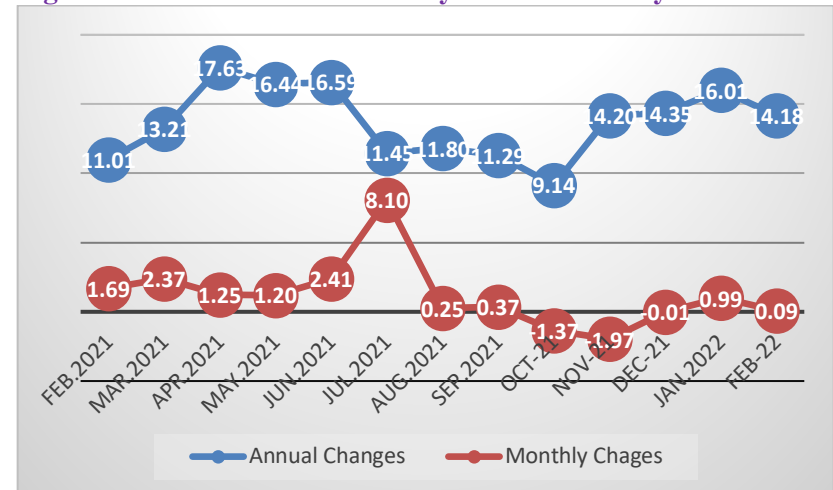


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 14.18 percent in the month of February 2022, about 3 percentage points increase from the 11.01 percent recorded in February 2021. Month-on-Month Change was 0.09 percent.

Figure 3: Core Inflation- February 2021 – February 2022

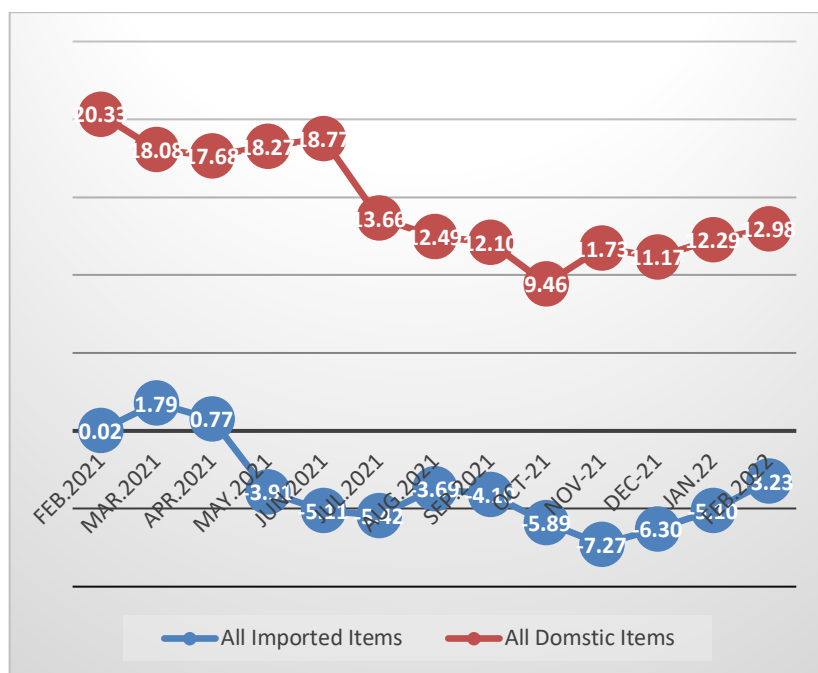


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Figure 4 below presents data for all imported and domestic items, respectively covering the period February 2021 to February 2022. As depicted, all imported items within the Basket continue a negative trend since May, 2021. Inflation Rate for all imported items for the month of February 2022 was reported at -3.23 percent compared to the 0.02 percent recorded in the same month in 2021. On the other hand, all domestically produced items continue a positive and strong trend,

reporting inflation of 12.98 percent in February 2022, about 7 percentage points decrease from the 20.33 percent recorded in the same month of 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 (February 2021 to February 2022)



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Key factors contributing to the slight increase in inflation for February 2022

Liberia’s Inflation Rate is strongly associated with the behavior of the Liberian Dollar against the United States Dollar, though not ignoring demand constraints as a factor too. The country is import-reliant and prices of almost all major imported items are quoted in United States Dollars. Consequently, the more the United States Dollar appreciates against the Liberian Dollar, prices tend to move upward when quoted in Liberia Dollar, with the reverse likely to be true. The current situation, on a month-on-month analysis is that the United States Dollar is gradually gaining strength with the period average exchange rate for February 2022 recorded at 153.7542 Liberian Dollars to 1 United States Dollar compared to 149.8156 Liberian Dollar to 1 United States Dollar for January 2022 (CBL Monthly Exchange Rate Report).

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 February 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:

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