



# Liberia Institute of Statistics & Geo-Information Services

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



### THE INFLATION RATE FOR THE MONTH OF SEPTEMBER, 2022 WAS 7.23%

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 2016 while Price is referenced to December 2018. The Index is chain-linked to December 2005.

#### September 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 7.23 Percent. This rate of inflation for September 2022 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from September 2021 to September 2022. Simply put, the data shows that the general price level increased by 7.23 percent on a year-on-year basis. The month recorded less than one percentage point increase from September 2021 to September 2022 (6.69 percent and

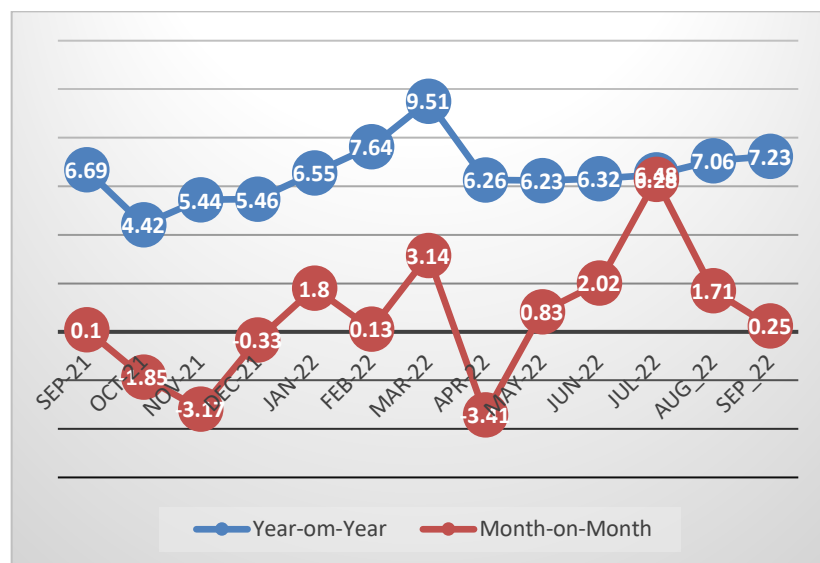
Table 1: Liberia Consumer Price Index (CPI), Sep. 2021-Sep. 2022)

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

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7.23 percent, respectively). The Month-on-Month Change was 0.25 percent. Meanwhile, the Year-on-Year Inflation Rate for the month of August 2022 was 7.06 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), September 2021 to September 2022 - Monthly and Annual Changes in Time Series**



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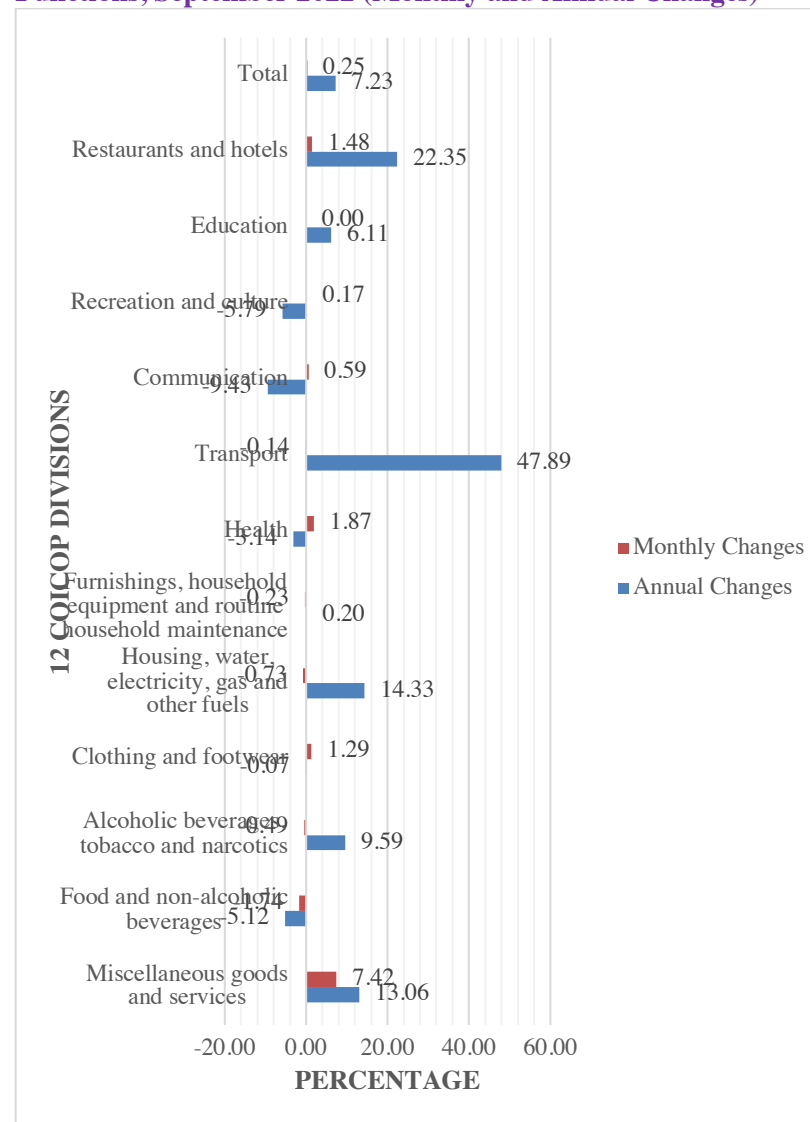
### Food and Non-food Inflation for September 2022

**The Food and Non-alcoholic Beverages Division**, on a Year-on-Year basis, recorded a rate of about negative 5.12 percent. The group recorded less than one percent in September 2021. In the **Food and Nonalcoholic Beverages Division**, the Coffee, tea and cocoa subgroup registered the highest inflation rate of about 24.0 percent with Lipton Tea registering the highest of about 36.0 percent while the Vegetable subgroup recorded the lowest (-47.9 percent). Tea is mostly consumed during the rainy season and vegetable is widely produced during the same season. In the Food Subgroup, three classes recorded inflation rates lower than the group’s average rate of negative 5.12 percent. They are: Vegetables (-47.9 percent), Fruits (-9.2 percent) and Food products such as pepper, salt, etc. (-5.50 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 subgroup recorded a rate of about negative 22.0 percent with mineral water accounting for the lowest decrease (31.0 percent).

**The Non-Food Division** recorded a Year-on-Year Inflation Rate of 13.19 percent in September 2022, increasing by about three percentage points from the 10.14 percent recorded in September 2021. In the **Non-Food Division**, Transport recorded the highest (about 48.0 percent), followed by Restaurants and Hotels at 22.35

percent. The Communication Division recorded the lowest of about negative 9.43 percent in the Nonfood Division with Scratch Cards (Vouchers) accounting for the lowest (-21.3 percent) in the Communication Division which can be attributed to the appreciation of the Liberian Dollars compared to September 2021. Three out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 13.19 percent. They are: **Transport** (about 48.0 percent), **Restaurants and hotels** (about 22.0 percent), and **Housing, water, electricity, gas and other fuels** (about 14.0 percent). In the Transport Group, ‘passengers travel by road’ account for the highest increase of about 35.0 percent followed by petrol/diesel of about 33.0 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, September 2022 (Monthly and Annual Changes)**

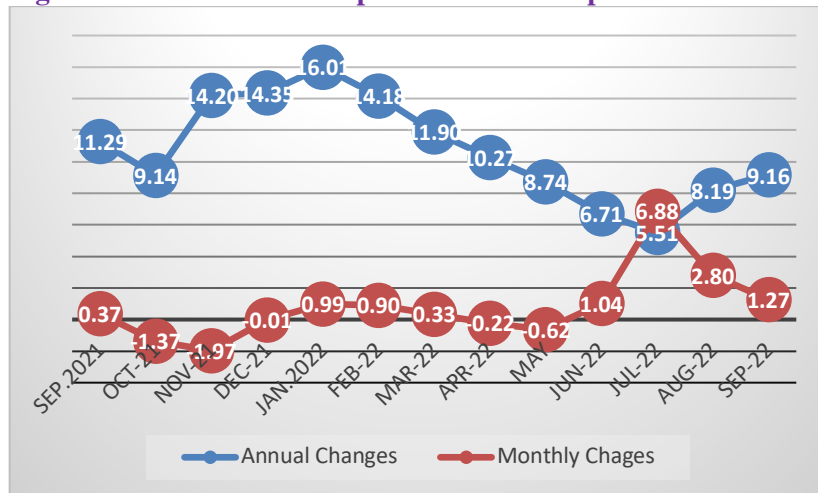


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### Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 9.16 percent in the month of September 2022, about two percentage points decrease from the 11.29 percent recorded in September 2021. Month-on-Month Change was 1.27 percent.

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

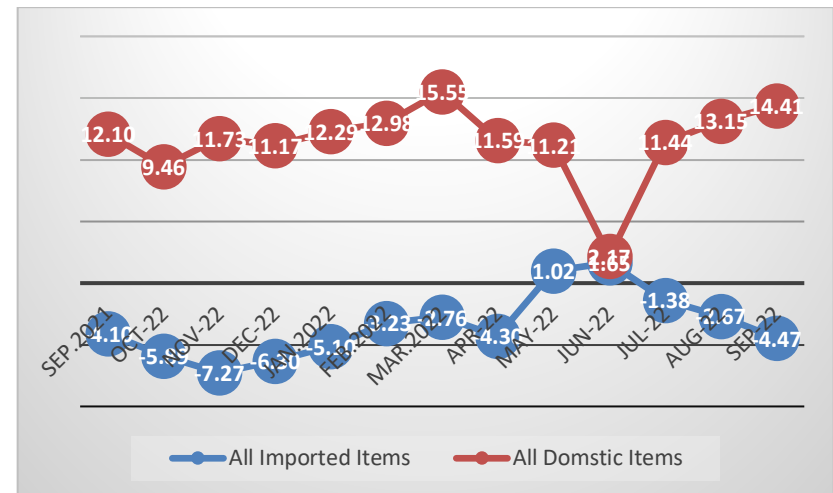


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Figure 4 below presents data for all imported and domestic items, respectively covering the period September 2021 to September 2022. As depicted, the month of September 2022 recorded a rate of about negative 4.0 percent for all imported items combined within the Basket. In September 2021, the rate was virtually the same (negative

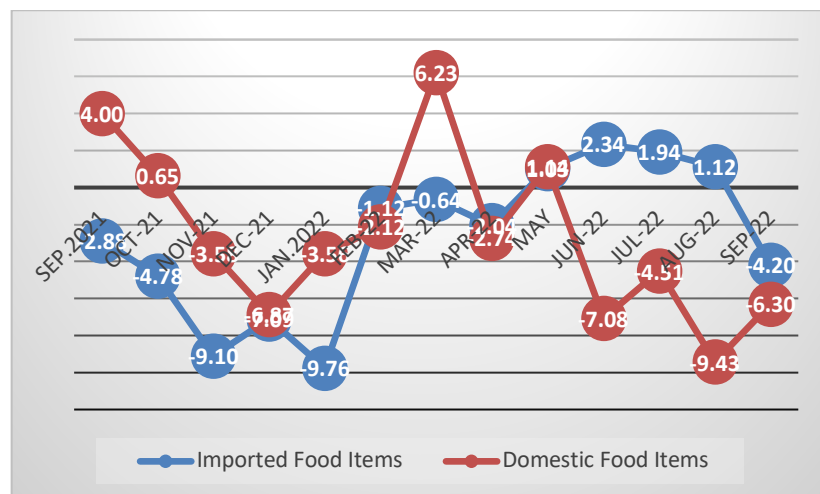
4.1 percent). Inflation Rate for all imported items (grouped as a unit) have remained in negative digits over the last 12 months – September 2021 to September 2022. On the other hand, all domestically produced items within the Basket and grouped as a unit continue a positive and strong trend, reporting in double digits with the month of September 2022 recording 14.41 percent, about two percentage points increase from the 12.10 percent recorded in September 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 (September 2021 – September 2022)**



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



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Figure 4 above presents data for imported and domestically produced food items, respectively. As depicted, imported food items (as a group) reported the rate of negative 4.2 percent while domestically produced food items (as a group) reported negative 6.30 percent for the month of September, 2022. In September, 2021 imported food items were at about negative 3.0 percent while domestically produced food items were at 4.0 percent.

**Key factors contributing to the increase in Inflation for September 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 September 2022, the highest price increases were recorded in the Transport and Housing Gas and other Fuel Divisions which can be strongly attributed to high demand occasioned by 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 September 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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