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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) APRIL 2023



THE INFLATION RATE FOR THE MONTH OF APRIL, 2023 WAS 9.43 PERCENT

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

April 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 9.43 Percent. This rate of Inflation for April 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from April 2022 to April 2023. Simply put, the data shows that the general price level increased by 9.43 percent on a year-on-year basis. The month recorded about three percentage points increase from a low of 6.26 percent in April 2022.

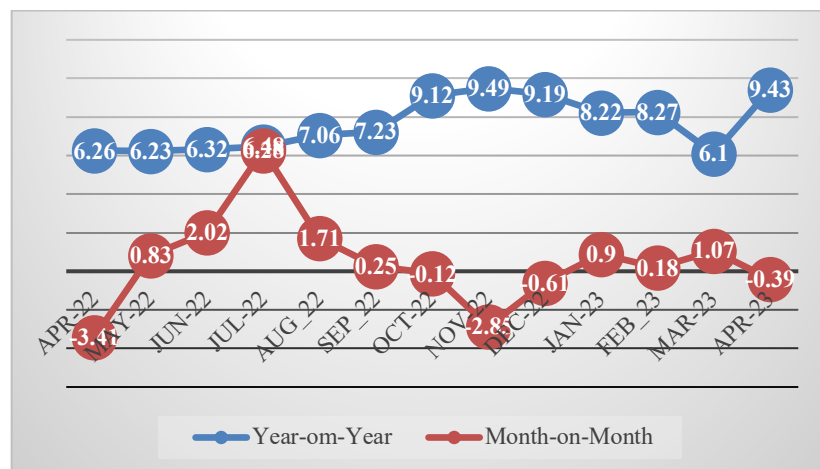
Table 1: Liberia Consumer Price Index (CPI), Apr. 2022-Apr. 2023)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
Oct-22	647.08	-0.12	9.12
Nov-22	628.67	-2.85	9.49
Dec-22	624.84	-0.61	9.19
Jan-23	630.46	0.9	8.22
Feb-23	631.59	0.18	8.27
Mar-23	638.34	1.07	6.10
Apr-23	635.85	-0.39	9.43

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The Month-on-Month Change was -0.39 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (March 2023) was 6.10 Percent.

Figure 1: Consumer Price Index (CPI), April 2022 to April 2023 - Monthly and Annual Changes in Time Series



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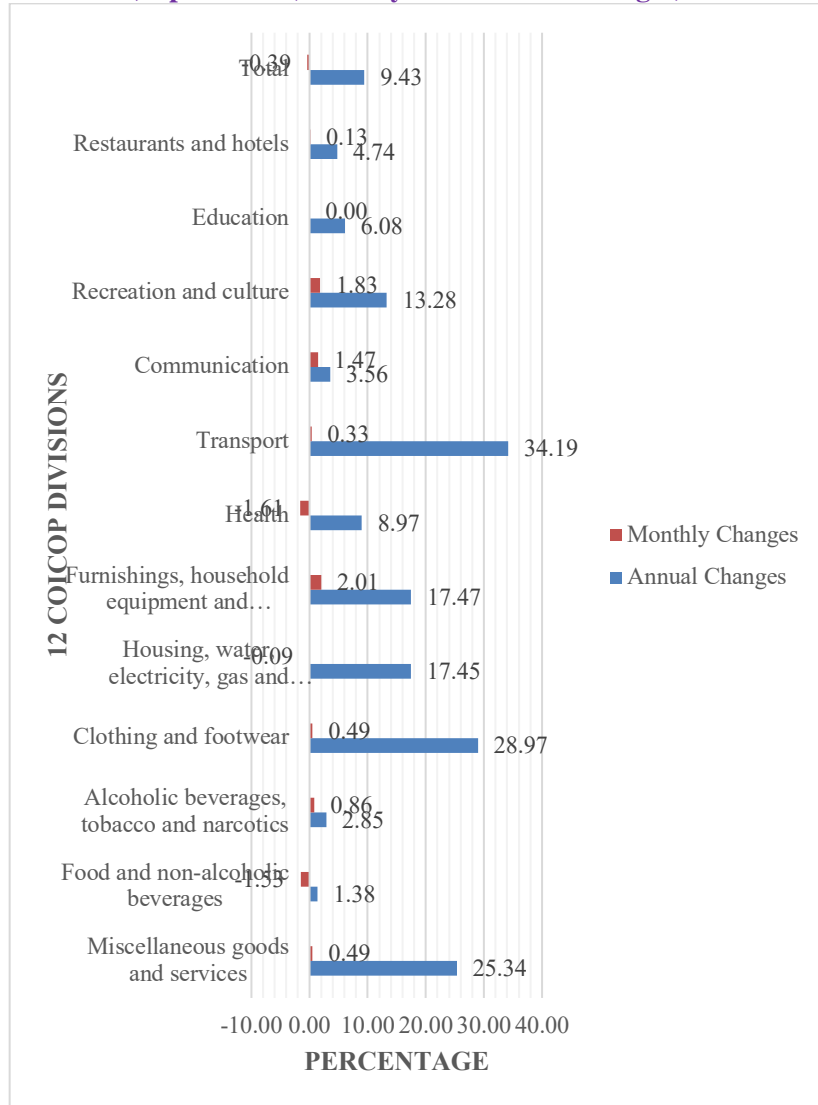
Food and Non-food Inflation for April 2023

The Food and Non-alcoholic Beverages Category on a year-on-year basis recorded a rate of 1.38 percent. The group recorded negative 2.39 percent in April 2022. In the Food and Non-alcoholic Beverages Category, the milk, cheese and eggs Class registered the highest inflation of 22.6 percent with egg being the most contributing item at 30.0 percent. The Fish Class registered the lowest inflation rate of

negative 21.0 percent from which Smoked Fish accounts for the least - negative 47.0 percent. In the Food and Nonalcoholic Beverages Category, six (6) classes recorded inflation rates greater than the group’s average of 1.38 percent. They are: Bread and cereals (12.5 percent), Meat (7.2 percent), Milk, cheese and eggs (22.6 percent), Fruits (5.5 percent), Vegetables (3.3 percent) and Sugar, jam, honey, chocolate and confectionery (10.7 percent)

The Non-Food Category recorded a Year-on-Year Inflation Rate of 13.0 percent in April 2023, increasing by two percentage points from the 10.57 percent recorded in April 2022. The **Transport Division** recorded the highest inflation of about 34.2 percent followed by the **Clothing and Footwear Division** (about 29.0 percent). The **Alcoholic beverages, tobacco and narcotics Division** recorded the lowest Inflation of about 3.0 percent with Local Beer (Club Beer, Stout) accounting for the lowest of negative 17.2 percent. Six out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 13.0 percent. They are: **Transport** (34.1 percent), **Clothing and Footwear** (29.0 percent), **Miscellaneous Goods and Services** (25.3 percent), and **Furnishings, household equipment and routine household maintenance** (17.5 percent), **Housing, water, electricity, gas and other fuels** (17.5 percent) and **Recreation and Culture** (13.0 percent).

Figure 2: Inflation Rates (%) by the 12 major COICOP Functions, April 2023 (Monthly and Annual Changes)

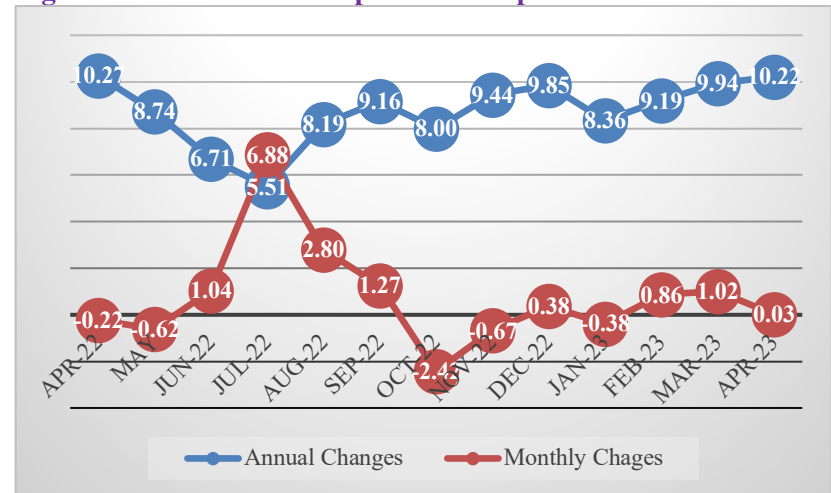


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 10.2 percent in April 2023, just about the same rate recorded in April 2022. Month-on-Month Change was less than one percentage point.

Figure 3: Core Inflation- April 2022 – April 2023

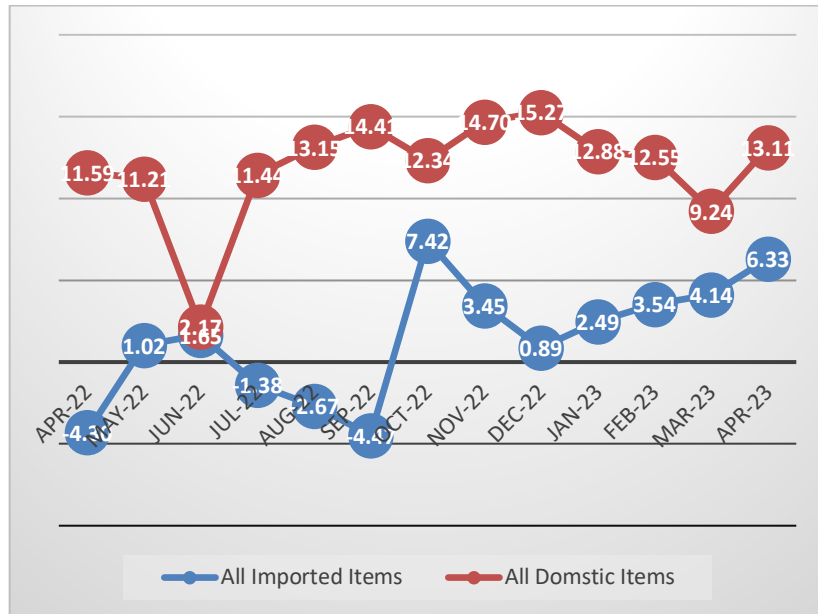


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period April 2022 to April 2023. As seen below, the month of April 2023 recorded a year-on-year change of 6.33 percent for all imported items combined within the Basket. In March 2022, the rate was negative 4.32 percent. All domestically produced items within the Basket grouped as a unit

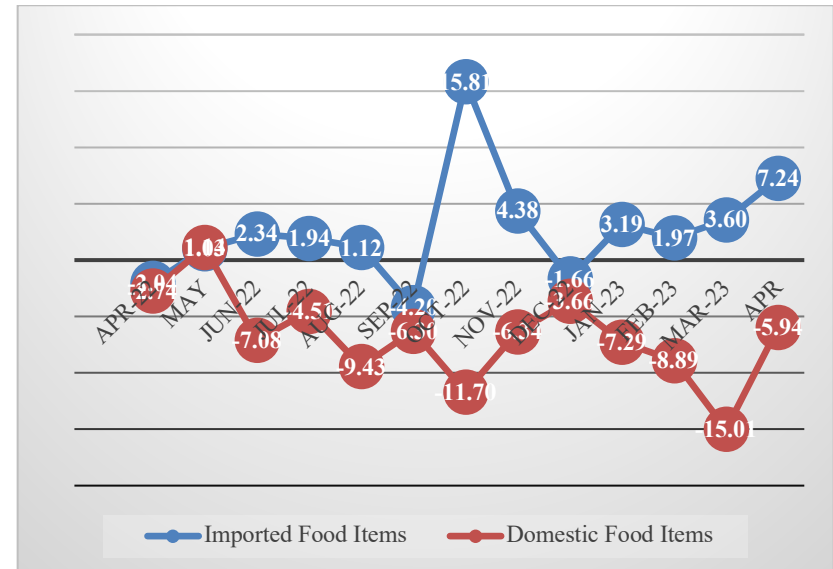
reported a rate at double digit (13.11) percent in April 2023 compared to 11.59 percent in April 2022. It is important to note that Liberia is hugely import-reliant with a competitive market system.

Figure 4: Inflation Rate: All Imported and Domestic Items (April 2022 – April 2023)



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Figure 5: Inflation Rate: Imported and Domestic Food Items (April 2022 to April 2023)



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Figure 5 above presents data for imported and domestically produced food items, respectively. The above figure narrates that imported food items (as a group) reported a rate of 7.24 percent while domestically produced food items (as a group) reported a rate of about negative 6.0 percent for the month of April 2023. In April 2022, imported food items were at negative 2.0 percent while domestically produced food items reported about negative 3.0 percent.

Key factors contributing to the increase in Inflation for April 2023

As stated in the headline of this paper, Annual Inflation Rate was recorded at 9.43 percent, up from 6.1 percent in March. Notably, major increases were recorded in food (especially domestically produced food), clothing and footwear, furnishing, and transport divisions. The underpinning factors associated with the surge in local food prices can be attributed to limited access to farm-to-market roads due to the rainy season. On the other hand, exchange rate variations have revealed significant impact on imported items such as fuel, clothing, etc. On a year-on-year basis, the Liberian Dollar has depreciated by about 11 dollars or seven percentage points (from 152 LRD – 1USD in April 2022 to now 163LRD -1USD in April 2023 as published by the Central Bank of Liberia). This shows that compared to the same time last year, there's a higher demand for United States Dollars which has a trigger down effect mainly on prices of goods sold in Liberian Dollars.

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 services items. There are 114 items in the services category and 47 items in the market category of the new basket. 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 services items, data are collected in all major supermarkets, shops, stores, restaurants and hotels in Monrovia and its immediate environs.

Dissemination

A bulletin on the April 2023 CPI and more detailed data in Excel format have been posted on the LISGIS website www.lisgis.gov.lr. 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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