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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) JUNE 2022



THE INFLATION RATE FOR THE MONTH OF JUNE, 2022 WAS 6.32%

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 due to base period prices.

June 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 6.32 Percent. This rate of inflation for June 2022 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from June 2021 to June 2022. In the nutshell, what the data depicts is that the general price level increased by 6.32 percent on a year-on-year basis. The month recorded a nearly two percentage points decrease from June 2021 to June 2022 (8.10 percent and 6.32 percent, respectively).

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

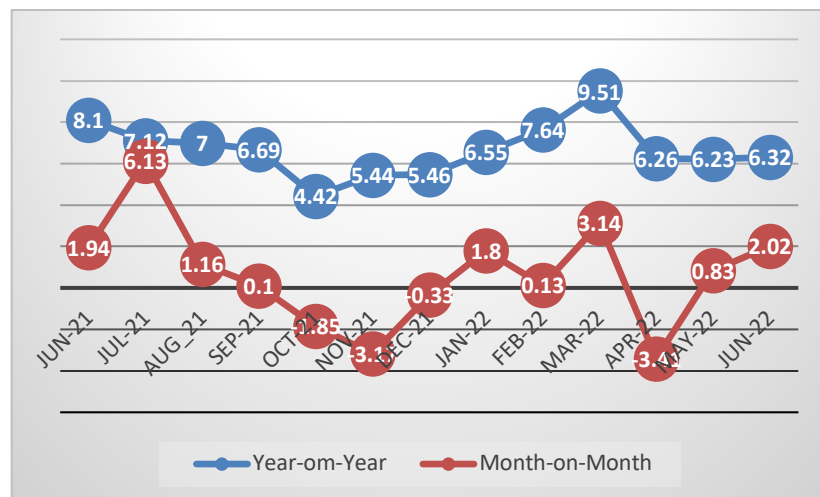
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Jun-21	562.26	1.94	8.10
Jul-21	596.71	6.13	7.12
Aug_21	603.65	1.16	7.00
Sep-21	604.25	0.10	6.69
Oct-21	593.00	-1.85	4.42
Nov-21	574.20	-3.17	5.44
Dec-21	572.28	-0.33	5.46
Jan-22	582.56	1.80	6.55
Feb-22	583.32	0.13	7.64
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

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The Month-on-Month Change for June 2022 was about 2.0 percent. Meanwhile, the Year-on-Year Inflation Rate for the month of May 2022 was 6.23 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), June 2021 to June 2022 - Monthly and Annual Changes in Time Series



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Food and Non-food Inflation for June 2022

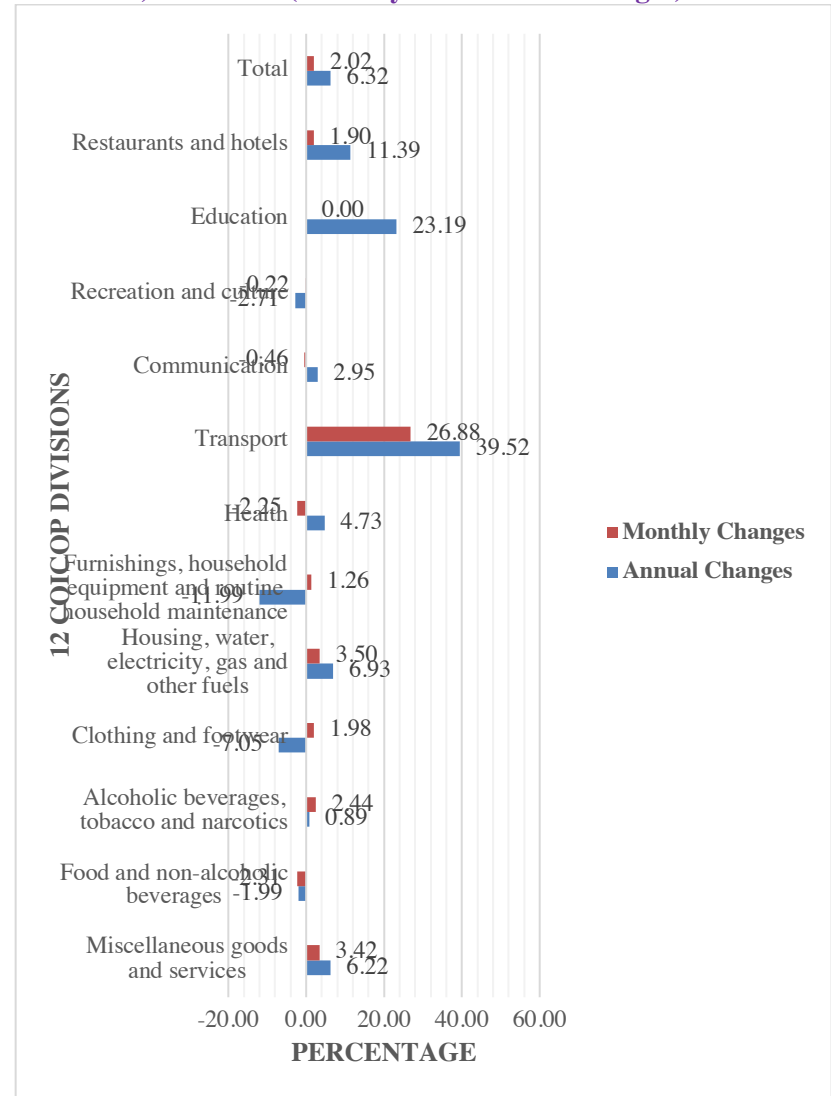
The Food and non-alcoholic Beverages Division, on a Year-on-Year basis, recorded a rate of about negative 2.0 percent for June 2022. The

group recorded about negative 4.0 percent in June 2021. In the **Food and Nonalcoholic Beverages Division**, the Sugar, jam, honey, chocolate and confectionery subgroup registered the highest inflation rate of about 16.0 percent while the Vegetable subgroup recorded the lowest (-30.0 percent). In the Food Subgroup, two classes recorded inflation rates lower than the group’s average rate of negative 2.0 percent. They are: Food products (-21.2 percent) and Vegetables (-30.0 percent). In the Non-Alcoholic Subgroup, coffee, tea, and cocoa recorded inflation rate of about 8.3 percent while mineral waters, soft drinks, fruit and vegetable juices recorded inflation rate of about -20.0 percent.

The Non-Food Division recorded a Year-on-Year Inflation Rate of 10.37 percent in June 2022, decreasing by about five percentage points from the 15.15 percent recorded in June 2021. Transport recorded the highest (nearly 40.0 percent), followed by Education (23.19 percent), Restaurants and Hotels (11.39 percent). Furnishings, household equipment and routine household maintenance recorded the lowest of about -12.0 percent. Only three out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 10.37 percent. They are: Transport (nearly 40.0 percent), Education (23.19 percent), and Restaurants and hotels (11.39 percent). In the Education Group, Senior Secondary Education and

University Fees account for the highest increases (about 20.0 percent and 40.0 percent, respectively). In the Restaurant and Hotel Group, food consumed away from home (breakfast/lunch/dinner) account for the highest increase of about 13.0 percent while in the Transport Group, Petrol and Diesel account for the highest increase of about 36.0 percent.

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

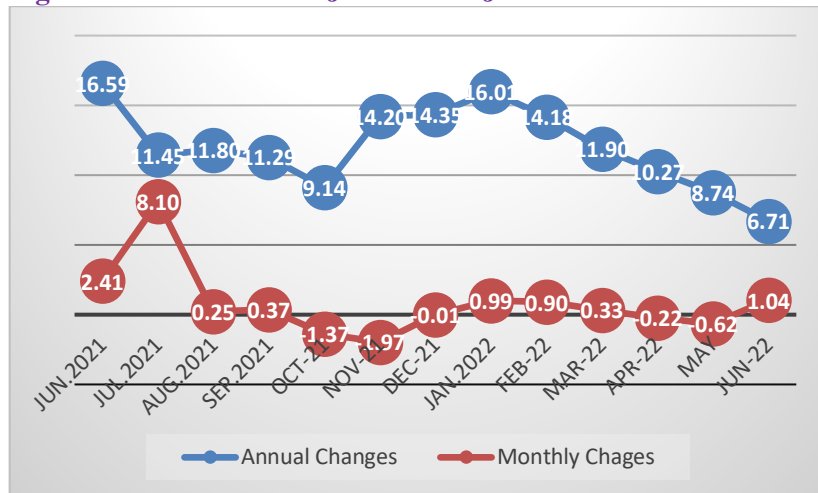


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of about 7.0 percent in the month of June 2022, about 10.0 percentage points decrease from the 16.59 percent recorded in June 2021. Month-on-Month Change was 1.04 percent.

Figure 3: Core Inflation- June 2021 – June 2022

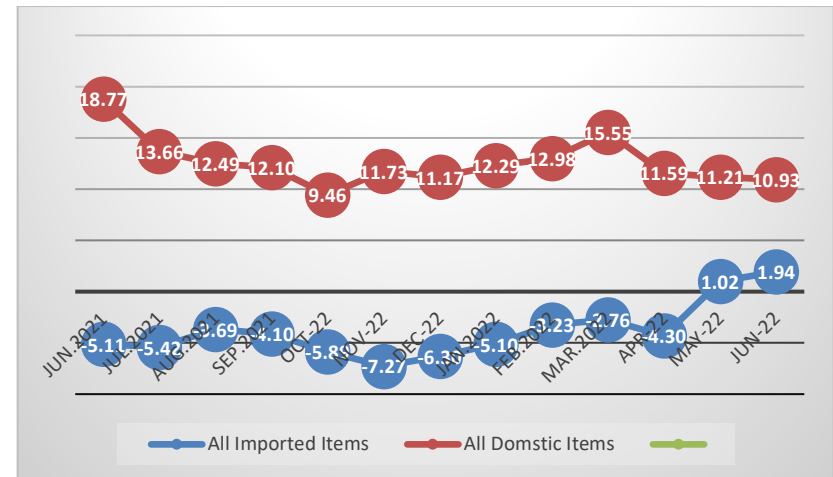


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Figure 4 below presents data for all imported and domestic items, respectively covering the period June 2021 to June 2022. As depicted, only two months out of the last 12 months, that is, June 2021-June 2022 have had imported items combined within the Basket report positive inflation rates (1.0 percent in May 2022 and nearly 2.0 percent

in June 2022). As mentioned above, Inflation Rate for all imported items for the month of June 2022 was reported at nearly 2.0 percent compared to the negative -5.1 percent recorded in the same month of 2021. 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 June 2022 recording nearly 11.0 percent, which is about 8.0 percentage points decrease from the nearly 19.0 percent recorded in June 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: Imported and Domestic items (June 2021 to June 2022)



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Key factors contributing to the slight increase in Inflation for June 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 June 2022, major price increases were recorded in two divisions within the Basket: Transport Division and Housing, water, electricity, gas and other fuels Division which can be 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 June 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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