



# Liberia Institute of Statistics & Geo-Information Services

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**NEWSLETTER**  
**LIBERIA CONSUMER PRICE INDEX (LCPI)**  
**JULY 2023**



## THE INFLATION RATE FOR THE MONTH OF JULY, 2023 WAS 11.01 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.

### July 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 11.01 Percent. This rate of Inflation for July 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from July 2022 to July 2023. Simply put, the data shows that the general price level increased by 11.01 percent on a Year-on-Year basis. The month recorded about five percentage points increase from a low of about 6.5 percent in July 2022.

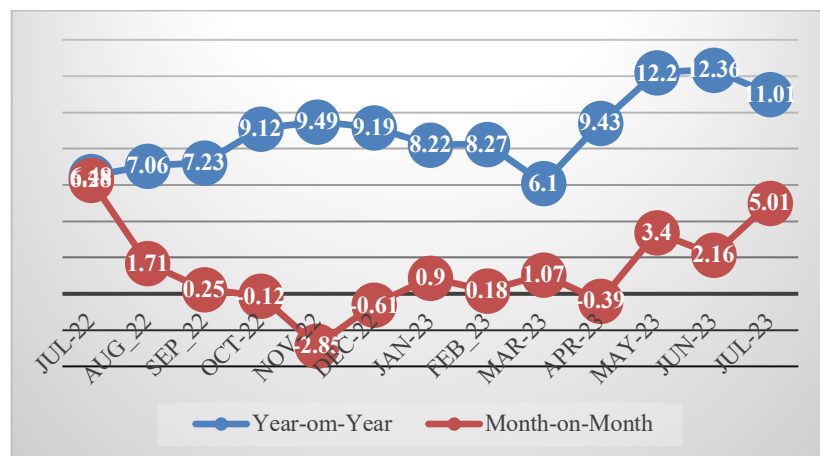
Table 1: Liberia Consumer Price Index (CPI), Jul. 2022 - Jul. 2023)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
May-23	657.5	3.4	12.2
Jun-23	671.67	2.16	12.36
<b>Jul-23</b>	<b>705.29</b>	<b>5.01</b>	<b>11.01</b>

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The Month-on-Month Change was 5.01 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (June 2023) was 12.36 Percent.

**Figure 1: Monthly and Annual Changes of CPI in Time Series - July 2022 to July 2023**



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**Food and Non-food Inflation for July 2023**

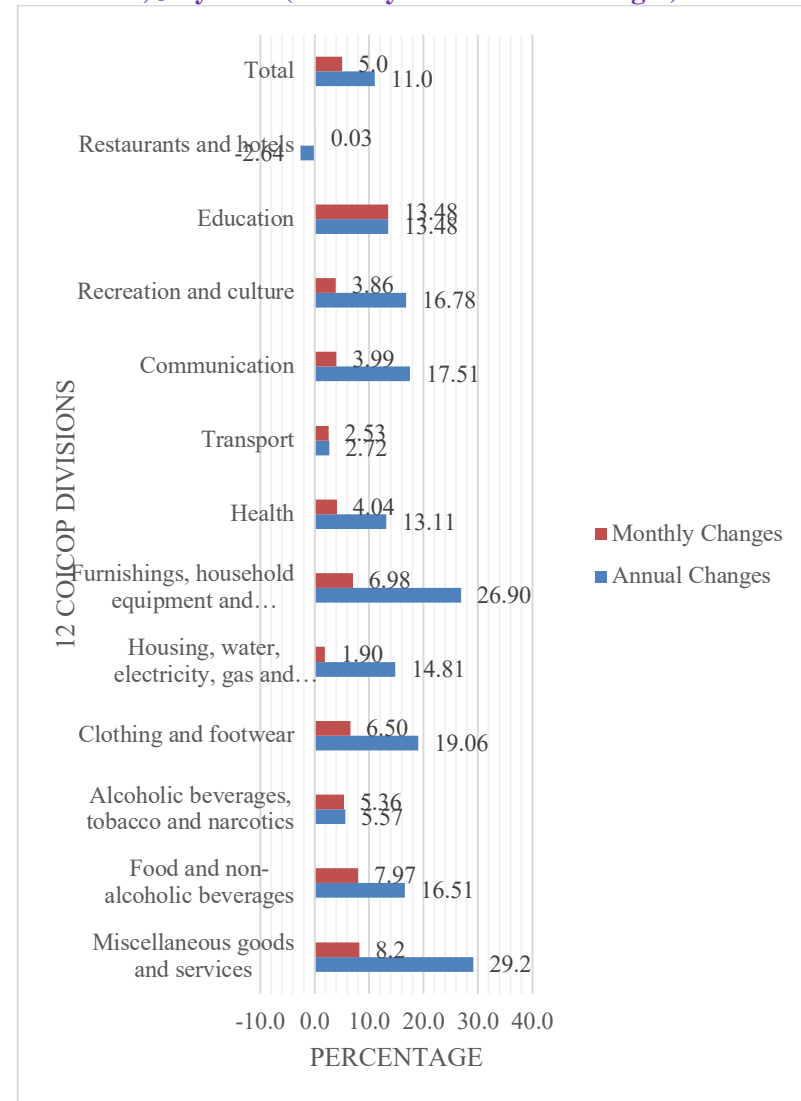
**The Food and Non-alcoholic Beverages Division**, on a Year-on-Year basis recorded a rate of 16.51 percent. The same Division recorded less than negative one percent in July, 2022. In the Food and Non-alcoholic Beverages Division, the Vegetables Group registered the highest inflation of nearly 33 percent with Okra contributing the highest inflation (64.1 percent) within the Group. The Vegetable

Group was followed by Sugar, jam, honey, chocolate and confectionery Group at about 26 percent. In the Food and Nonalcoholic Beverages Division, the Coffee, Tea and Cocoa Group registered the lowest inflation rate of negative 32 percent from which the Tea, Herbal Tea (Lipton's) Class accounts for the least, about negative 56 percent. In the Food and Nonalcoholic Beverages Category, five (5) Groups recorded inflation rates greater than the group’s average of 16.5 percent. They are: Vegetables (about 33 percent), Sugar, jam, honey, chocolate and confectionery (about 26 percent), Bread and cereals (25 percent), Mineral waters, soft drinks, fruit and vegetable juices (17.2 percent) and Milk, cheese and eggs (17 percent).

**The Non-Food Category** recorded a Year-on-Year Inflation Rate of 8.6 percent in July 2023, decreasing by just about one percentage point from the 10 percent recorded in July 2022. In the Non-Food Category, the **Miscellaneous goods and services Division** recorded the highest Inflation of 29.1 percent followed by the **Furnishings, household equipment and routine household maintenance Division** at nearly 27 percent and the **Clothing and Footwear Division** at about 19.0 percent. The **Restaurants and hotels Division** recorded the lowest Inflation of negative 2.6 percent. Eight out of the 11 Divisions within the Non-Food category however recorded inflation rates higher than the average of the nonfood category of 8.6 percent. They are:

Miscellaneous goods and services Division (29.1 percent), Furnishings, household equipment and routine household maintenance Division (about 27 percent), Clothing and Footwear Division (19.0 percent), Communication Division (17.5 percent), Recreation and culture Division (about 17 percent), Housing, water, electricity, gas and other fuels Division (about 15 percent), Education Division (13.5 percent) and Health Division (13.1 percent).

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

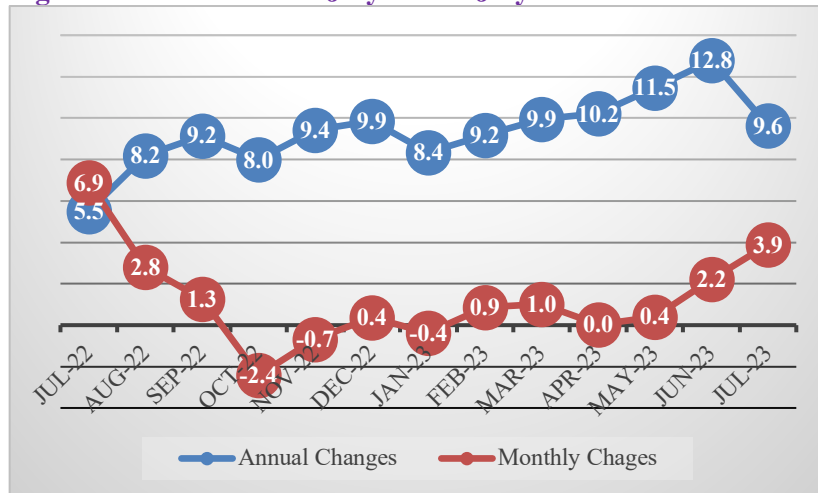


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### Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 9.6 percent in July 2023, from a low of about 5 percent in July 2022. Month-on-Month Change was about 4 percentage points.

**Figure 3: Core Inflation- July 2022 – July 2023**

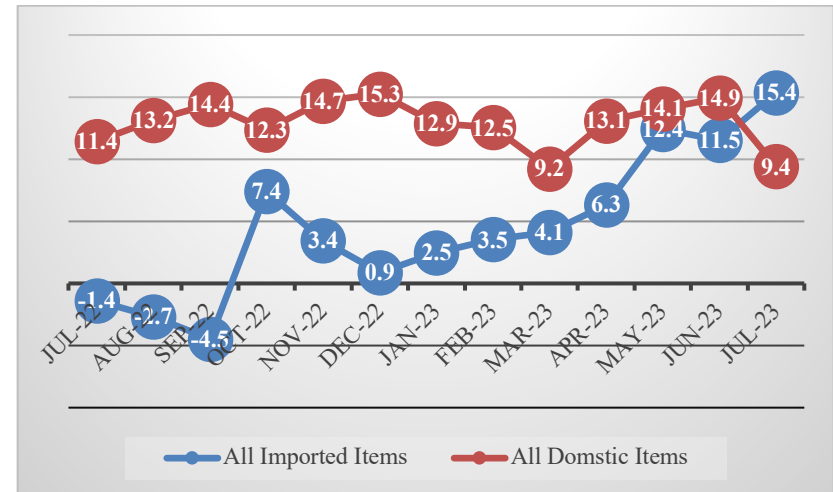


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period July 2022 to July 2023. As seen below, the month of July 2023 recorded a Year-on-Year change of 15.4 percent for all imported items combined within the Basket. In July 2022, the rate was less than negative 2.0 percent. All domestically produced items within the Basket grouped as a unit

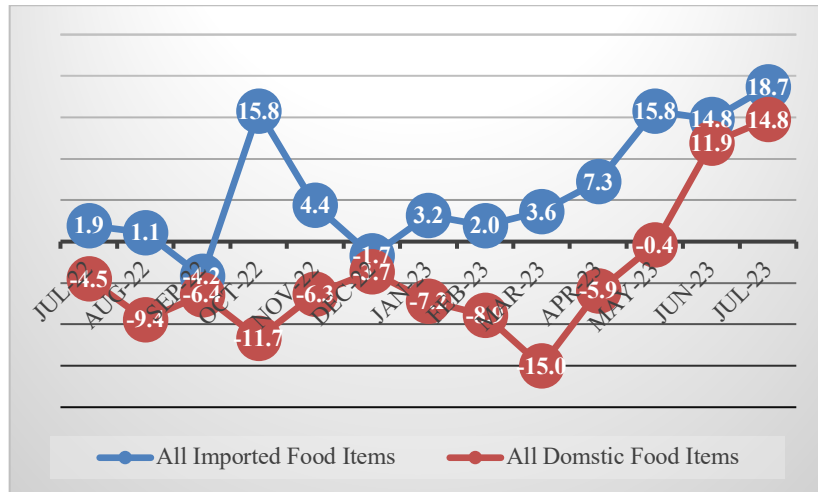
reported a decline of about 9.4 percent in July 2023 compared to nearly 11.4 percent in July 2022.

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



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



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Figure 5 above presents data for imported and domestically produced food items, respectively. The data narrates that imported food items (as a group) reported a rate of nearly 19 percent while domestically produced food items (as a group) reported a rate of about 15 percent for the month of July 2023. In July 2022, imported and domestically produced food items were at 1.9 and negative 4.5 percent, respectively.

**Key factors contributing to the increase in Inflation for July 2023**

On a Year-on-Year basis, Liberia’s general price level increased by 11 percent in July 2023. Major price increases were recorded in the Food and Nonalcoholic Beverages, Miscellaneous goods and services and Furnishings, household equipment and routine household maintenance Divisions, amongst others. Of all items in the CPI Basket, the Food and Nonalcoholic Beverages Division has the single largest share in terms of weights (34.1 percent). With this, even a slight increase in the index will affect total inflation. Imported and domestically produced food items recorded inflation rates of about 19 and 15 percent, respectively. For domestically produced food items which make up a very large share of the Food Group within the Basket, the rising cost of transportation due to limited access to farm-to-market roads as a result of the Rainy Season is a contributing factor to price increase. Exchange rate variations have revealed significant impact on imported items including food. On a year-on-year basis, the Liberian Dollar has depreciated by about 31 Dollars or nearly 17 percentage points (that is, from about 153.14 LRD – 1USD in July 2022 to about 183.98 LRD-1USD in July 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 on household purchasing power given the more import-reliant nature the Liberian economy is.

### 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 Lowe 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 July 2023 CPI and more detailed data in Excel format have been posted on the LISGIS website [www.lisgis.gov.lr](http://www.lisgis.gov.lr). 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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