



# Liberia Institute of Statistics & Geo-Information Services

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## NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) JUNE 2023

### THE INFLATION RATE FOR THE MONTH OF JUNE, 2023 WAS 12.36 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.

#### June 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 12.36 Percent. This rate of Inflation for June 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from June 2022 to June 2023. Simply put, the data shows that the general price level increased by 12.36 percent on a year-on-year basis. The month recorded about six percentage points increase from a low of about six percent in June 2022.

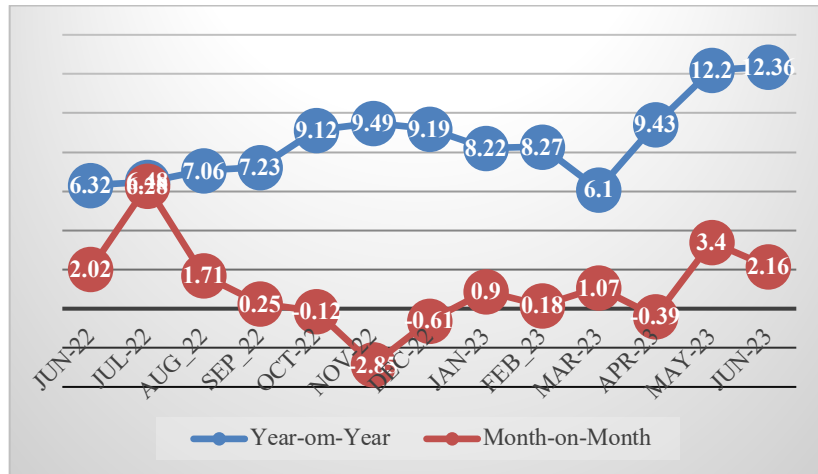
Table 1: Liberia Consumer Price Index (CPI), Jun. 2022 - Jun. 2023)

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

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The Month-on-Month Change was about 2.2 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (May 2023) was 12.2 Percent.

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



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

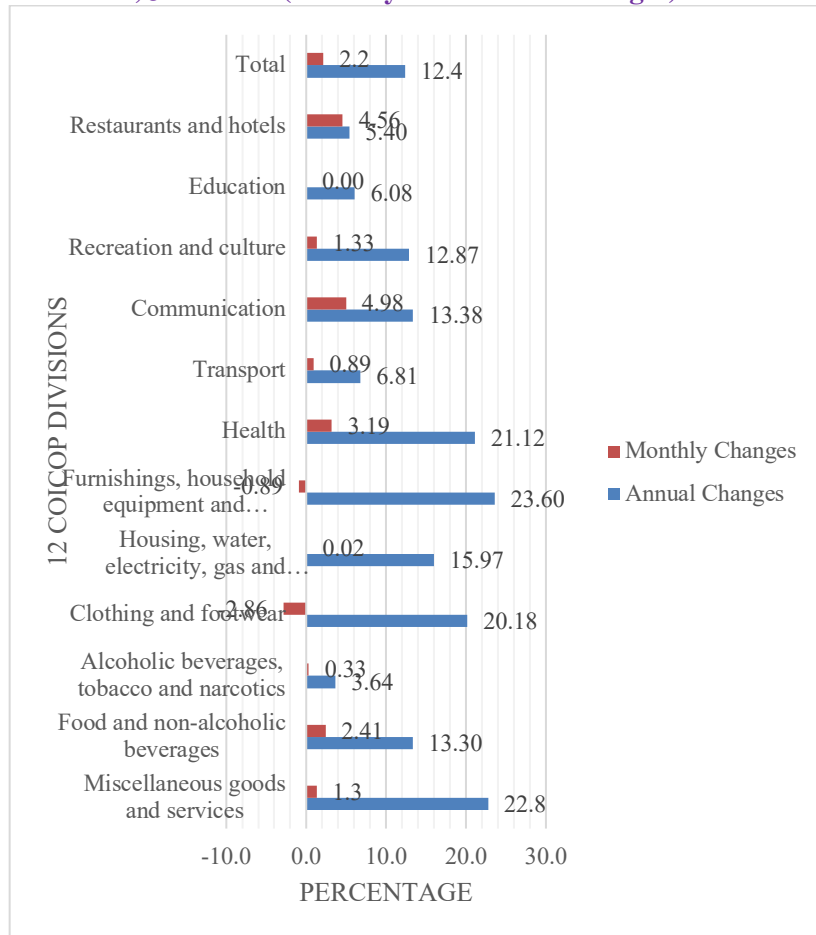
**The Food and Non-alcoholic Beverages Division**, on a year-on-year basis recorded a rate of 13.3 percent. The division recorded negative 1.9 percent in June, 2022. In the Food and Non-alcoholic Beverages Division, the Vegetable Group registered the highest inflation of 33.4 percent with Cabbage and Lettuce Class contributing the highest inflation (62.2 percent) within the Group. The Vegetable Group was

followed by Bread and Cereal Group at 20.3 percent. The Oils and fats Group registered the lowest inflation rate of negative 8 percent from which the Argo Oils/ Vegetable Oils / Olive Oil Class accounts for the least, negative 23.6 percent. In the Food and Nonalcoholic Beverages Category, four (4) groups recorded inflation rates greater than the group’s average of 13.3 percent. They are: Vegetables (33.4 percent), Bread and cereals (20.3 percent), Sugar, jam, honey, chocolate and confectionery (17.8 percent) and Food products (14.5 percent).

**The Non-Food Category** recorded a Year-on-Year Inflation Rate of 11.9 percent in June 2023, increasing by just one percentage point from the 10.4 percent recorded in June 2022. In the Non-Food Category, the **Furnishings, household equipment and routine household maintenance Division** recorded the highest Inflation of 23.6 percent followed by the **Miscellaneous goods and services Division** at 22.8 percent and the **Health Division** at 21.1 percent. The **Alcoholic Beverages, Tobacco and Narcotics Division** recorded the lowest Inflation of about 3.6 percent. Seven out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 11.9 percent. They are: **Furnishings, household equipment and routine household maintenance** (23.6 percent), **Miscellaneous goods and services Division** (22.8 percent), **Health Division** (21.1 percent), **Clothing and Footwear** (20.2 percent), **Housing, water, electricity, gas and**

**other fuels** (15.9 percent), **Communication** (13.4 percent), **Recreation and Culture** (12.9 percent).

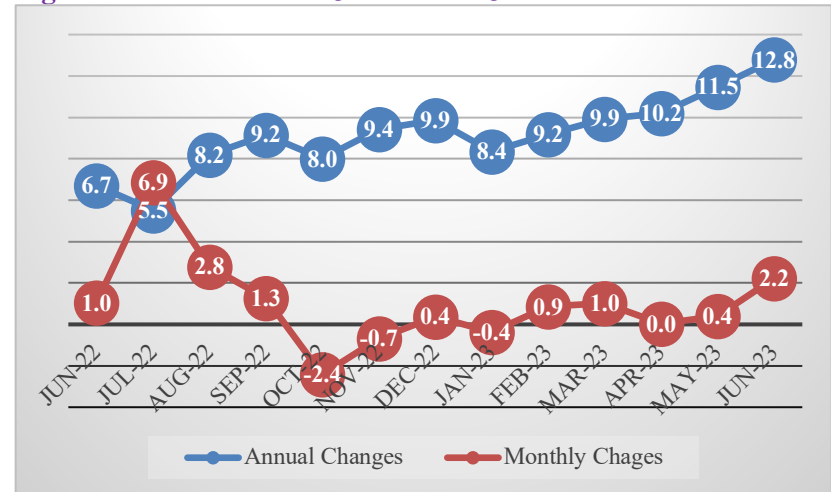
**Figure 2: Inflation Rates (%) by the 12 major COICOP Functions, June 2023 (Monthly and Annual Changes)**



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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 12.8 percent in June 2023, from a low of about 7 percent recorded in June 2022. Month-on-Month Change was about 2 percentage points.

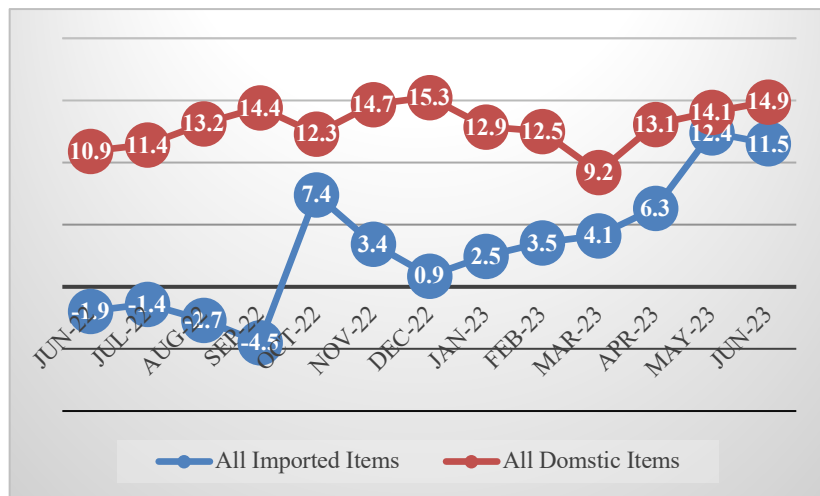
**Figure 3: Core Inflation- June 2022 – June 2023**



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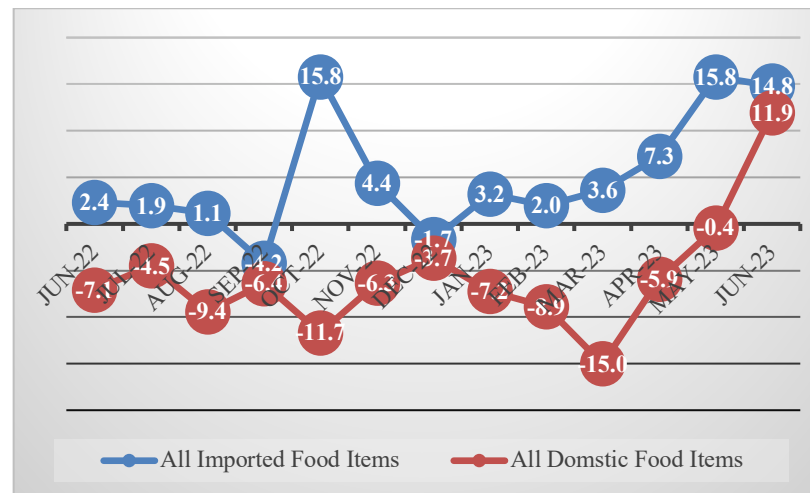
Figure 4 below presents data for all imported and domestically produced items respectively, covering the period June 2022 to June 2023. As seen below, the month of June 2023 recorded a year-on-year change of 11.5 percent for all imported items combined within the Basket. In June 2022, the rate was about negative 2.0 percent. All domestically produced items within the Basket grouped as a unit reported a rate at double digit of about 15.0 percent in June 2023 compared with nearly 11 percent in June 2022.

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



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**Figure 5: Inflation Rate: Imported and Domestic Food Items (June 2022 to June 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 about 15 percent while domestically produced food items (as a group) reported a rate of about 12 percent for the month of June 2023. In June 2022, imported and domestically produced food items were at 2.4 and negative 7.1 percent, respectively.

### **Key factors contributing to the increase in Inflation for June 2023**

The general price level increased by 12.4 percent in June 2023, almost double the rate in June 2022 (6.3 percent). Major price increases were recorded in the Food and Nonalcoholic Beverages Division. 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 15 and 12 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 23 Dollars or nearly 13 percentage points (that is, from 152.2845LRD – 1USD in June 2022 to 175.1334LRD-1USD in June 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 of the Liberian economy.

### **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 June 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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