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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) DECEMBER 2022



THE INFLATION RATE FOR THE MONTH OF DECEMBER, 2022 WAS ABOUT 9.2 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.

December 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 9.2 Percent. This rate of inflation for December 2022 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from December 2021 to December 2022. Simply put, the data shows that the general price level increased by 9.2 percent on a year-on-year basis. The month recorded about a four percentage points increase from a low of 5.46 percent in December 2021.

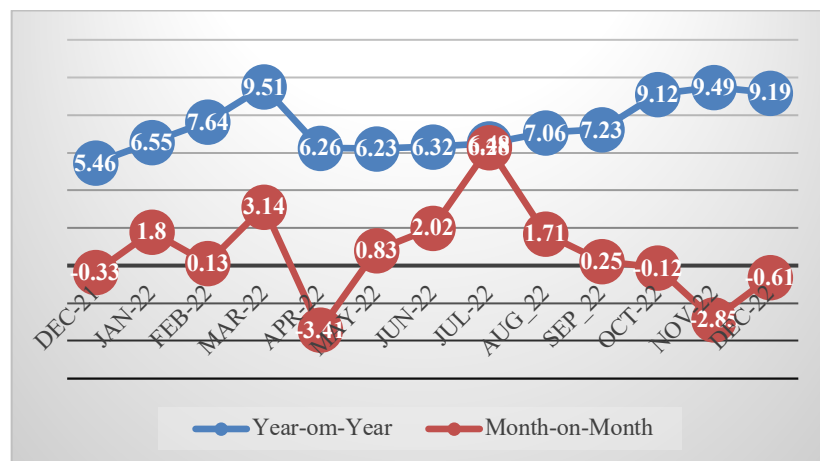
Table 1: Liberia Consumer Price Index (CPI), Dec. 2021-Dec2022)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
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

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The Month-on-Month Change was negative 0.61 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (November 2022) was 9.49 Percent.

Figure 1: Consumer Price Index (CPI), December 2021 to December 2022 - Monthly and Annual Changes in Time Series



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Food and Non-food Inflation for December 2022

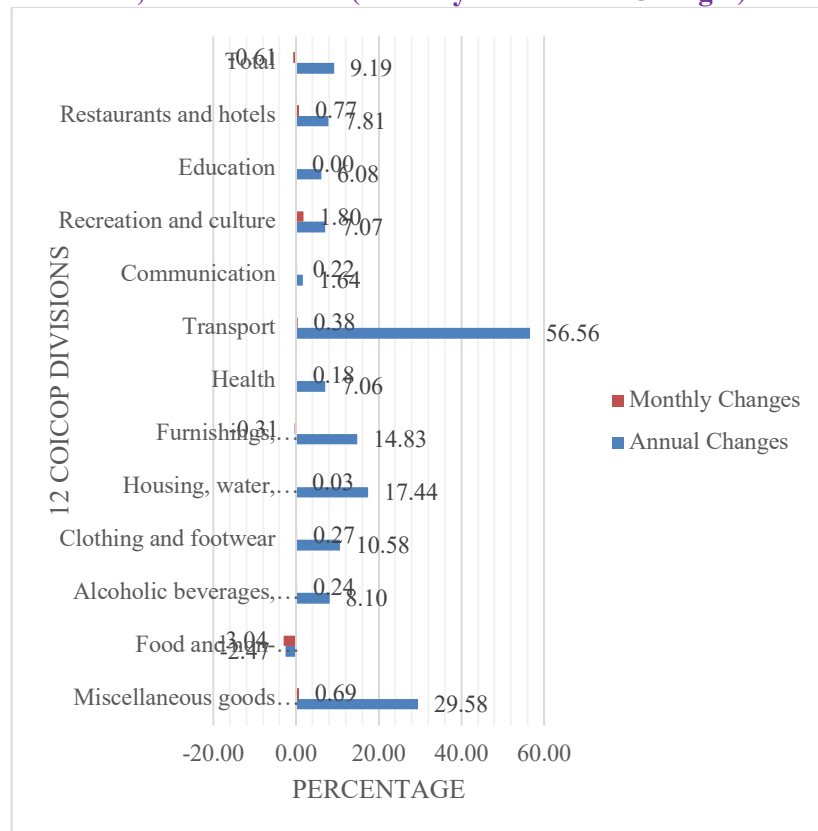
The Food and Non-alcoholic Beverages Category, on a year-on-year basis, recorded a rate of about negative 2.5 percent. The group recorded a negative 7.0 percent in December 2021. In this category for the month under review, the Sugar, jam, honey, chocolate and confectionery Class registered the highest inflation rate of about 29.0 percent with chocolate registering the highest inflation in the food and non-alcoholic category (about 50.0 percent) while the Fish Class

recorded the lowest (negative 25.0 percent) with Cassava Fish (fresh) recording the lowest of about 42.0 Percent. In the Food Group, three (3) classes recorded inflation rates lower than the group’s average rate of less than negative 2.5 percent. They are Fish (negative 25.4 percent), vegetables (about negative 9.0 percent) and Mineral waters, soft drinks, fruit and vegetable juices (negative 20.0 percent).

The Non-Food Category recorded a Year-on-Year Inflation Rate of about 14.5 percent in December 2022, increasing by about 2.0 percentage points from the 12.4 percent recorded in December 2021. In the **Non-Food Category**, Transport Division recorded the highest (56.6 percent). The **Miscellaneous Goods and Services Division** recorded the second-highest inflation of about 29.6 percent in the Nonfood Category with Disposable Diapers (Pampers) accounting for the highest increase of about 70.0 percent. The **Communication Division** recorded the lowest of about 2.0 percent in the Nonfood Category with Scratch Cards (Vouchers) accounting for the lowest of about negative 17.0 percent in the Communication Division which can be attributed to the appreciation of the Liberian Dollars compared to December 2021. Four out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of about 14.5 percent. They are: **Transport** (about 56.6 percent), **Miscellaneous Goods and**

Services (about 29.6 percent), **Housing, water, electricity, gas and other fuels** (about 17.4 percent) and **Furnishings, household equipment and routine household maintenance** (about 14.8 percent)

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

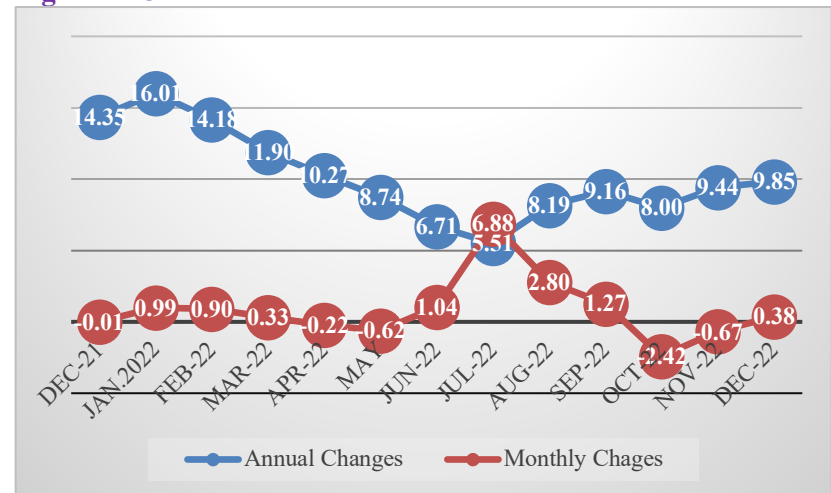


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of about 10.0 percent in December 2022, about four percentage points lower than the 14.35 percent recorded in December 2021. Month-on-Month Change was less than one percent.

Figure 3: Core Inflation- December 2021 – December 2022

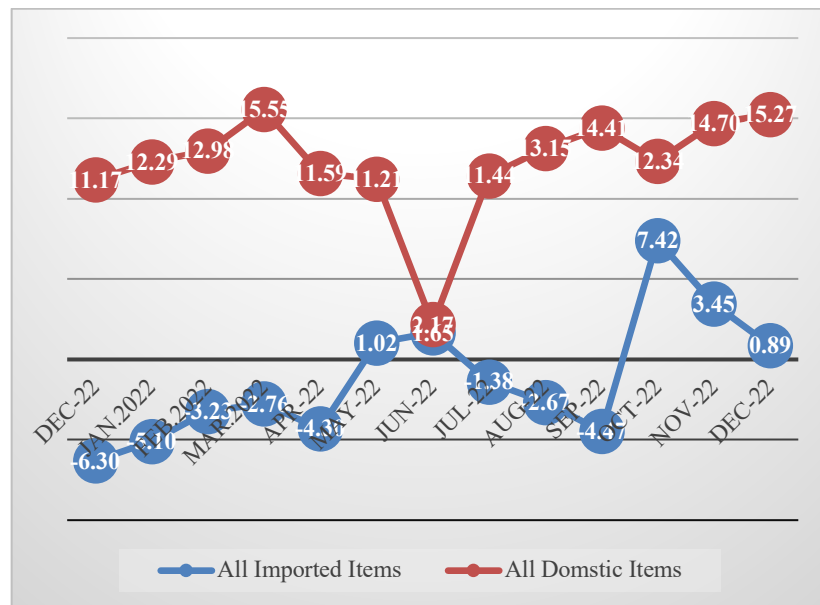


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period from December 2021 to December 2022. As depicted, the month of December 2022 recorded a rate of less than one percent for all imported items combined within the Basket. In December 2021, the rate was about

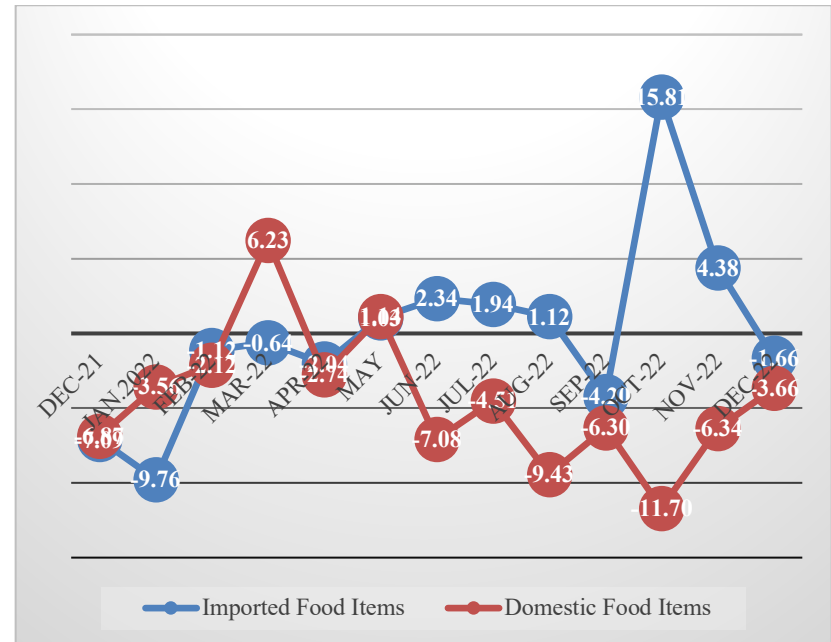
negative 6.3 percent. All domestically produced items within the Basket grouped as a unit continued a positive and strong trend, still reporting in double digits within December 2022. The group recorded about 15.3 percent, about a four percentage points increase from the 11.17 percent recorded in December 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 to this trend.

Figure 4: Inflation Rate: All Imported and Domestic Items (December 2021 – December 2022)



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Figure 5: Inflation Rate: Imported and Domestic Food Items (December 2021 to December 2022)



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Figure 5 above presents data for imported and domestically produced food items, respectively. As depicted, imported food items (as a group) reported a rate of about negative 2.0 percent while domestically produced food items (as a group) reported a rate of negative 4.0 percent for the month of December, 2022. In December, 2021 imported food items were at about negative 7.0 percent while domestically produced food items reported about negative 6.9 percent.

Key factors contributing to the increase in Inflation for December 2022

In December 2022, the annual inflation rate slightly decreased to about 9.2 percent from 9.5 percent in November 2022. The increase in the price of rice including petroleum and related products has contributed significantly to the recent rising trend of the inflation rate.

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 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 December 2022 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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