



Liberia Institute of Statistics & Geo-Information Services

Capitol Hill, Monrovia Liberia
P.O. Box: 629



NEWSLETTER
LIBERIA CONSUMER PRICE INDEX (LCPI)
MAY 2023



THE INFLATION RATE FOR THE MONTH OF MAY, 2023 WAS 12.2 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.

May 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 12.2 Percent. This rate of Inflation for May 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from May 2022 to May 2023. Simply put, the data shows that the general price level increased by 12.2 percent on a year-on-year basis. The month recorded about six percentage points increase from a low of 6.2 percent in May 2022.

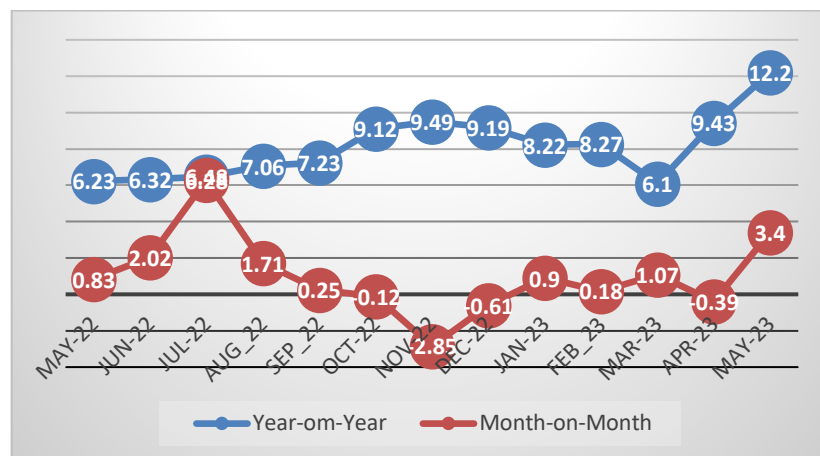
Table 1: Liberia Consumer Price Index (CPI), May. 2022-May. 2023)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
May-23	657.5	3.4	12.2

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The Month-on-Month Change was 3.4 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (April 2023) was 9.4 Percent.

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



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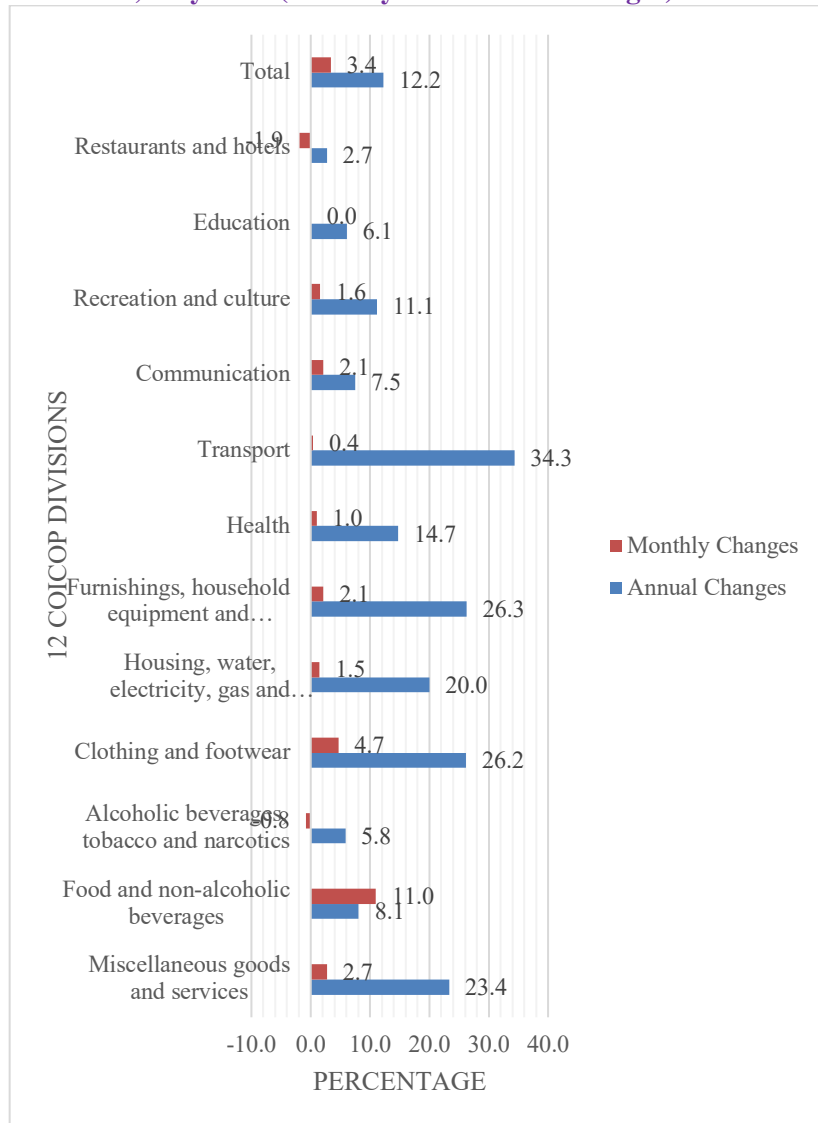
Food and Non-food Inflation for May 2023

The Food and Non-alcoholic Beverages Division, on a year-on-year basis recorded a rate of 8.1 percent. The division recorded 1.2 percent in May 2022. In the Food and Non-alcoholic Beverages Division, the Vegetable Group registered the highest inflation of 25.6 percent with the Onions Class being the most contributing item at 49.0 percent within the Group. The Fish Group registered the lowest inflation rate

of negative 27.3 percent from which the Smoked Fish Class accounts for the least of negative 33.2 percent. In the Food and Nonalcoholic Beverages Category, five (5) groups recorded inflation rates greater than the group’s average of 8.1 percent. They are: Bread and cereals (23.1 percent), Meat (10.7 percent), Milk, cheese and eggs (16.7 percent), Vegetables (25.6 percent) and Sugar, jam, honey, chocolate and confectionery (17.5 percent).

The Non-Food Category recorded a Year-on-Year Inflation Rate of 14.1 percent in May 2023, increasing by about five percentage points from the 8.7 percent recorded in May 2022. The **Transport Division** recorded the highest inflation of about 34.3 percent followed by the **Furnishings, household equipment and routine household maintenance (26.3 percent)** and the **Clothing and Footwear Division** (about 26.2 percent). The **Restaurants and hotels Division** recorded the lowest Inflation of about 2.7 percent. Six out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 14.1 percent. They are: **Transport (34.3 percent)**, **Furnishings, household equipment and routine household maintenance (26.3 percent)**, **Clothing and Footwear (26.2 percent)**, **Miscellaneous Goods and Services (25.3 percent)**, **Housing, water, electricity, gas and other fuels (20.0 percent)** and **Health (14.7 percent)**.

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

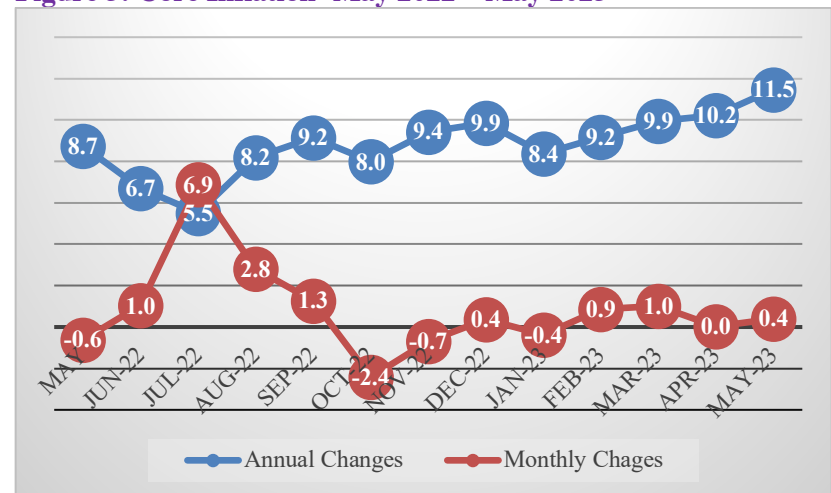


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 11.5 percent in May 2023, from a low of about 3.0 percent recorded in May 2022. Month-on-Month Change was less than one percentage point.

Figure 3: Core Inflation- May 2022 – May 2023

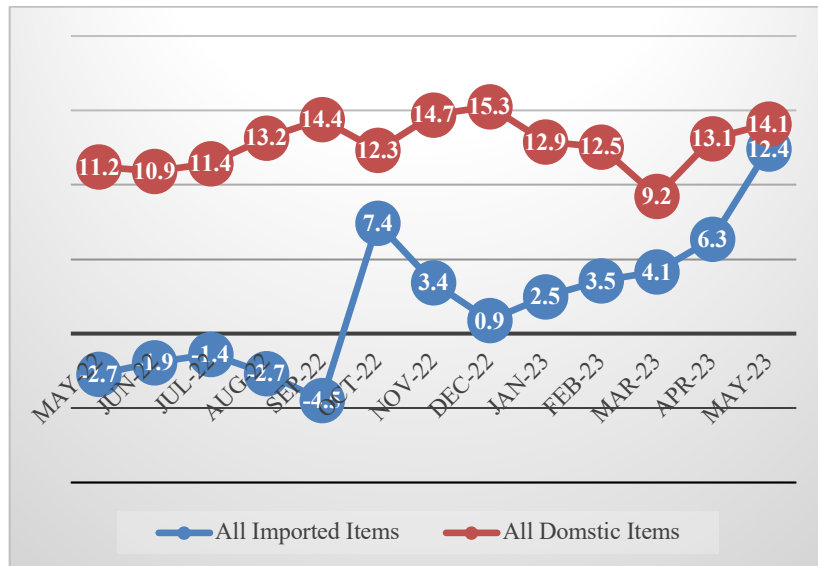


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period May 2022 to May 2023. As seen below, the month of May 2023 recorded a year-on-year change of 12.4 percent for all imported items combined within the Basket. In May 2022, the rate was negative 2.7 percent. All domestically produced items within the Basket grouped as a unit

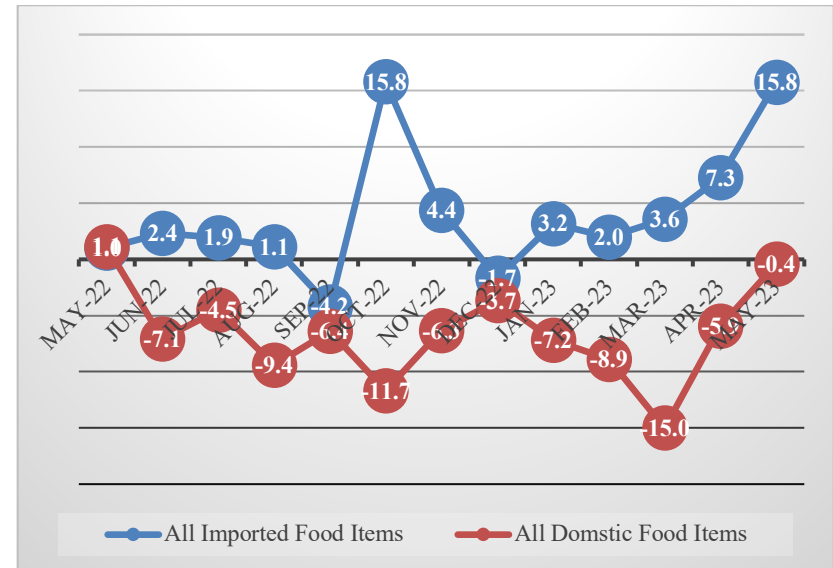
reported a rate at double digit (14.1 percent) in May 2023 compared to 11.2 percent in May 2022.

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



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Figure 5: Inflation Rate: Imported and Domestic Food Items (May 2022 to May 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 15.8 percent while domestically produced food items (as a group) reported a rate of about negative 0.4 percent for the month of May 2023. In May 2022, both imported and domestically produced food items were at about the same rate of negative one percent, respectively.

Key factors contributing to the increase in Inflation for May 2023

As stated in the headline of this paper, Annual Inflation Rate was recorded at 12.2 percent, up from 9.4 percent in April. Notably, major price increases were recorded in the Food and Nonalcoholic Beverages Division. Limited access to farm-to-market roads due to the Rainy Season for domestically produced food items couple with the rising cost of petroleum products for transportation as reflected in the Transport Index (34.3 percent) are contributing factors. The Food and Nonalcoholic Beverages Division has the single largest share in terms of weights (34.1 percent) in the CPI Basket. With this, even a slight increase in the index will affect the total inflation. On the other hand, exchange rate variations have revealed significant impact on imported items including food. On a year-on-year basis, the Liberian Dollar has depreciated by 16 Dollars or nearly ten percentage points (that is, from 151.1451LRD – 1USD in May 2022 to now 167.1887LRD -1USD in May 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 imported and 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 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 May 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:

*Hon. Lawrence A. George, Sr. – Acting Director-General (cell:
+231 778 928115; lawrence.george@lisgis.gov.lr)*

*Mr. Boima H.M. Sonii – Director/Economic Statistics
(bhmsonii1975@gmail.com; b.sonii@yahoo.com; +231-886524773*

*Andrew A. Tellewoyan – Asst. Director/Industrial Statistics
tellewoyanandrew@yahoo.com; +231-886633149/+231-776212810*