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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) MARCH, 2022



THE INFLATION RATE FOR THE MONTH OF MARCH, 2022 WAS 9.51%

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.

March 2022 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 9.51 Percent. This rate of inflation for March 2022 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from March 2021 to March 2022. In the nutshell, what the data depicts is that the general price level decreased by just 0.4 percent from March 2021 to March 2022. The month recorded a less than one percentage

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

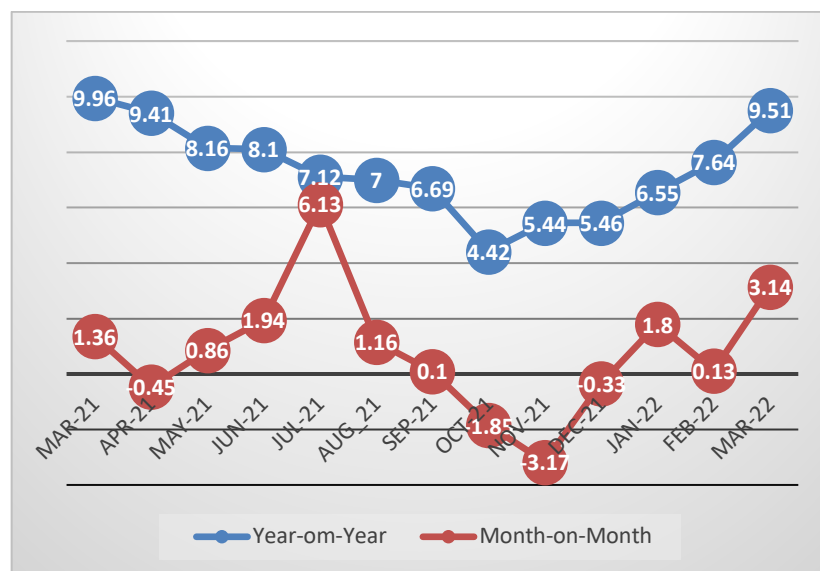
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Mar -21	549.35	1.36	9.96
Apr-21	546.87	-0.45	9.41
May-21	551.56	0.86	8.16
Jun-21	562.26	1.94	8.10
Jul-21	596.71	6.13	7.12
Aug_21	603.65	1.16	7.00
Sep-21	604.25	0.10	6.69
Oct-21	593.00	-1.85	4.42
Nov-21	574.20	-3.17	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

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decrease from March 2021 to March 2022 (9.96 percent and 9.51 percent, respectively). The Month-on-Month Change for March 2022 was about 3 percent. Meanwhile, the Year-on-Year Inflation Rate for

the month of February 2022 was 7.64 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), March 2021 to March 2022 - Monthly and Annual Changes in Time Series



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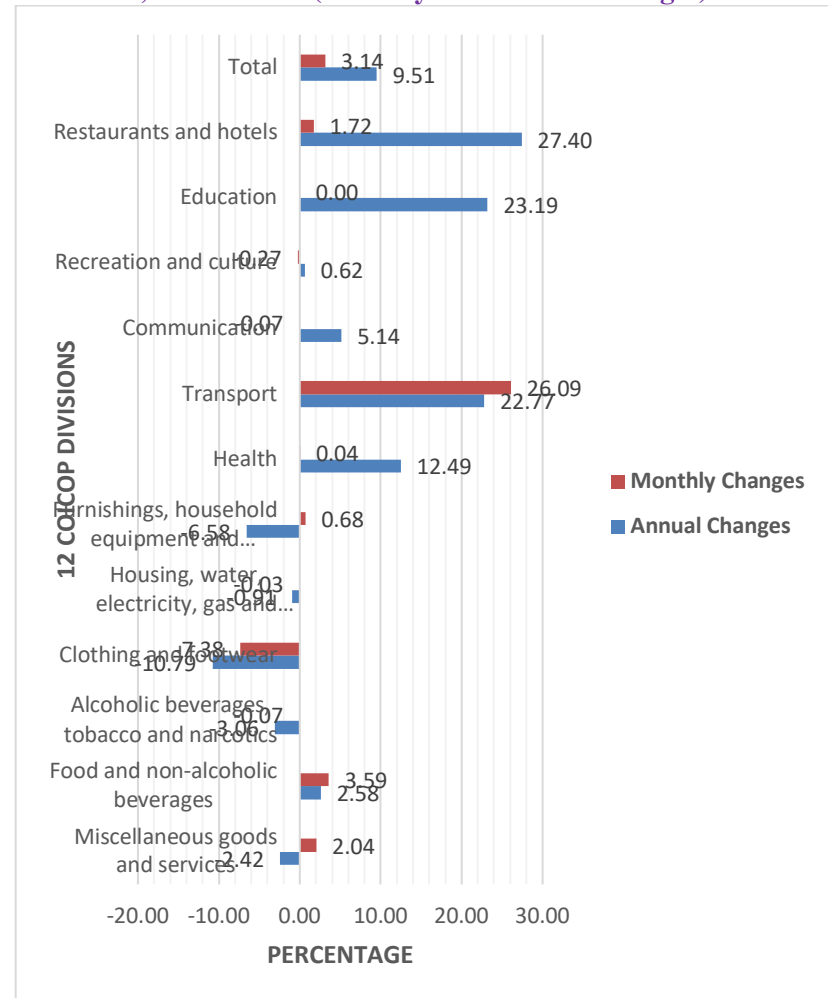
Food and Non-food Inflation for March 2022

The Food and non-alcoholic beverages division declined, on a Year-on-Year basis to 2.58 percent for March 2022. The group recorded about 5.01 percent in March 2021. In the Food and Nonalcoholic Beverages Division, the vegetables subgroup registered the highest inflation rate of about 24.0 percent while the Mineral waters, soft drinks, fruit and vegetable juices subgroup recorded the lowest (-13.2 percent). In the Food Subgroup, seven classes recorded inflation rates lower than the group's average rate of 2.58 percent: Bread and Cereals (1.1 percent), Meat (-10.4 percent), Fish (-4.3 percent), Milk, cheese and eggs (-5.4 percent), Fruits (-4.0 percent), and Sugar, jam, honey, chocolate and confectionery (0.9 percent). In the Non-Alcoholic Subgroup, coffee, tea, and cocoa recorded inflation rate of -7.5 percent while mineral waters, soft drinks, fruit and vegetable juices recorded inflation rate of about -13.1 percent.

The Non-Food Division recorded a Year-on-Year Inflation Rate of 13.13 percent in March 2022, increasing by less than one percentage point from the 12.73 percent recorded in March 2021. Restaurants Hotels Division recorded the highest inflation rate of 27.40 percent, followed by Education (23.19 percent). Clothing and footwear recorded the lowest of about -11.0 percent. Only three out of the 11 divisions within the Non-Food category recorded inflation rates higher than the sum of the nonfood category of 13.13 percent. They are: Education (23.19 percent), Restaurants and

hotels (32.52 percent) and Transport (about 23.0 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 away-breakfast/lunch/dinner account for the highest increase of about 24.0 percent. In the Transport Group, Petrol and Diesel account for the highest increase of about 31.0 percent.

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

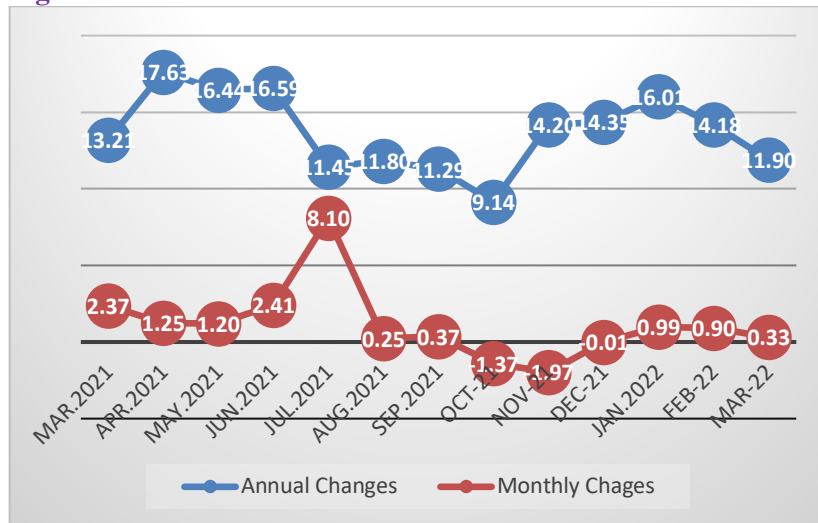


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 11.90 percent in the month of March 2022, about one percentage point decrease from the 13.21 percent recorded in March 2021. Month-on-Month Change was 0.33 percent.

Figure 3: Core Inflation- March 2021 – March 2022

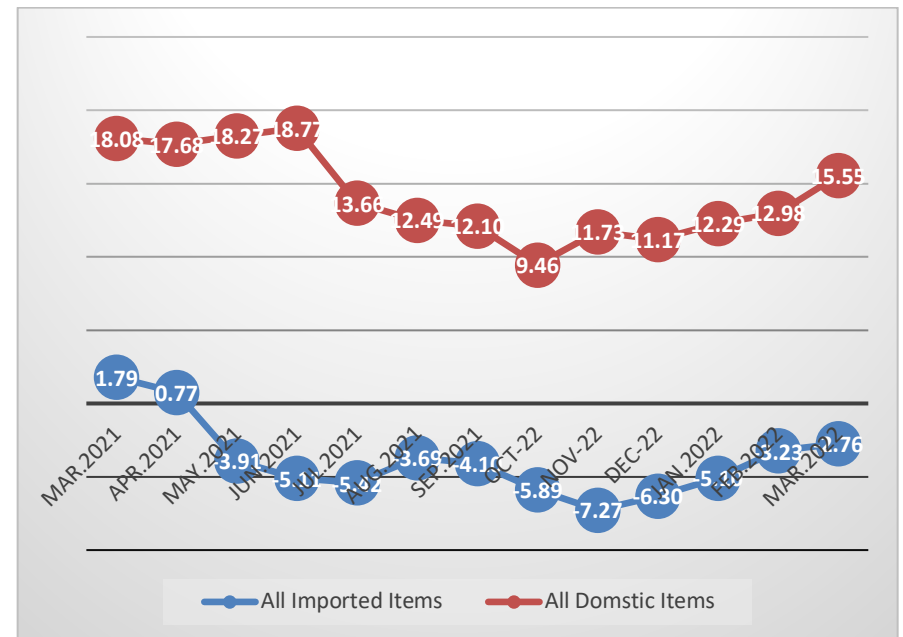


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Figure 4 below presents data for all imported and domestic items, respectively covering the period March 2021 to March 2022. As depicted, all imported items within the Basket continue a negative trend since May, 2021. Inflation Rate for all imported items for the month of March 2022 was reported at about -3.0 percent compared to

the 1.79 percent recorded in the same month in 2021. On the other hand, all domestically produced items continue a positive and strong trend, reporting inflation of 15.55 percent in March 2022, about 2.53 percentage points decrease from the 18.08 percent recorded in the same month of 2021. It is important to note that Liberia is hugely import reliant with a competitive market system, but in which prices of some imported items are more regulated by state authorities than those of domestically produced items.

Figure 4: Inflation Rate: Imported and Domestic items (March 2021 to March 2022)



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Key factors contributing to the increase in inflation for March 2022

Whilst it is true that Liberia's Inflation Rate is strongly associated with the behavior of the Liberian Dollar against the United States Dollar coupled with demand constraints, Inflation for the month of March recorded a leapfrog in the energy group which could be attributed to the current global energy crisis that has led to price hike. Similarly, rice – linked to food consumed away from home in the CPI Basket, is the most widely consumed diet in Liberia and recorded a very sharp increase in March, most probably due to the same global crisis or mere speculations or consumer's expectations. As stated above, Food consumed away from home, particularly breakfast/lunch/dinner and petrol and diesel account for the highest increases in the period under consideration thus greatly affecting the inflation rate for the period.

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 March 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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