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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) JANUARY 2023



THE INFLATION RATE FOR THE MONTH OF JANUARY, 2023 WAS ABOUT 8.22 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.

January 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 8.22 Percent. This rate of inflation for January 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from January 2022 to January 2023. Simply put, the data shows that the general price level increased by 8.22 percent on a year-on-year basis. The month recorded a nearly two percentage points increase from a low of 6.55 percent in January 2022.

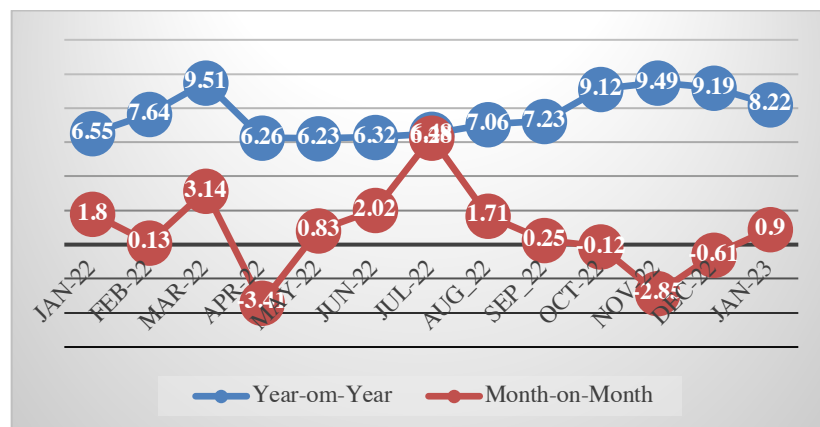
Table 1: Liberia Consumer Price Index (CPI), Jan. 2022-Jan. 2023)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
Jan-23	630.46	0.9	8.22

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The Month-on-Month Change was 0.90 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (December 2022) was 9.19 Percent.

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



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Food and Non-food Inflation for January 2023

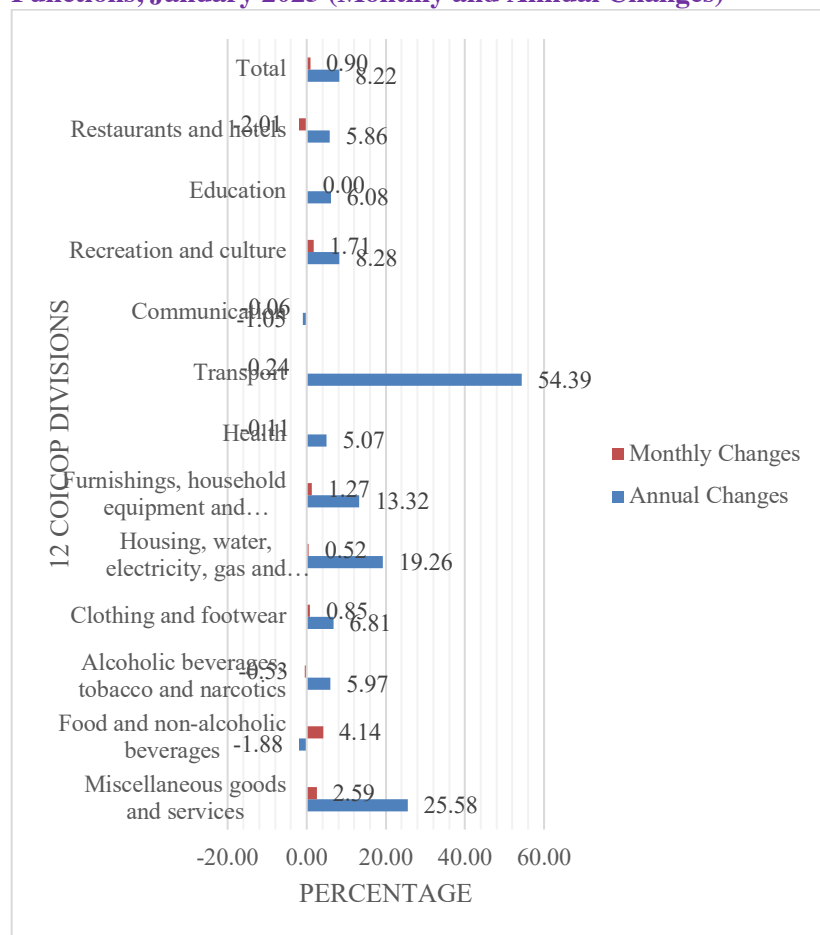
The Food and Non-alcoholic Beverages Category, on a year-on-year basis, recorded a rate of negative 1.9 percent. The group recorded negative 6.79 percent in January 2022. In this category for the month under review, the Oil and Fats Class registered the highest inflation rate of 26.2 percent with Palm Oil registering the highest inflation in said Class (31.4 percent). The Fish Class recorded the lowest (negative 28.0 percent) with Fresh Cassava Fish recording the lowest of negative

35.3 Percent. In the Food and Nonalcoholic Beverages Category, six (6) classes recorded inflation rates greater than the group’s average of negative 1.9 percent. They are: Bread and cereals (12.22 percent), Meat (0.93 percent), Milk, cheese and eggs (10.25 percent), Oils and fats (26.22 percent), Fruit (4.34 percent), and Sugar, jam, honey, chocolate and confectionery (25.06 percent).

The Non-Food Category recorded a Year-on-Year Inflation Rate of 12.97 percent in January 2023, decreasing by less than 2.0 percentage points from the 14.24 percent recorded in January 2022. In the **Non-Food Category**, Transport Division recorded the highest (54.39 percent). The **Miscellaneous Goods and Services Division** recorded the second-highest inflation of 25.58 percent in the Nonfood Category. The **Communication Division** recorded the lowest of about less than negative 2 percent in the Nonfood Category with Scratch Cards (Vouchers) accounting for the lowest of negative 20.97 percent which can be attributed to the appreciation of the Liberian Dollars compared to January 2022. 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** (54.39 percent), **Miscellaneous Goods and Services** (25.58 percent), **Housing, water, electricity, gas and other fuels** (19.26

percent) and **Furnishings, household equipment and routine household maintenance** (13.32 percent)

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

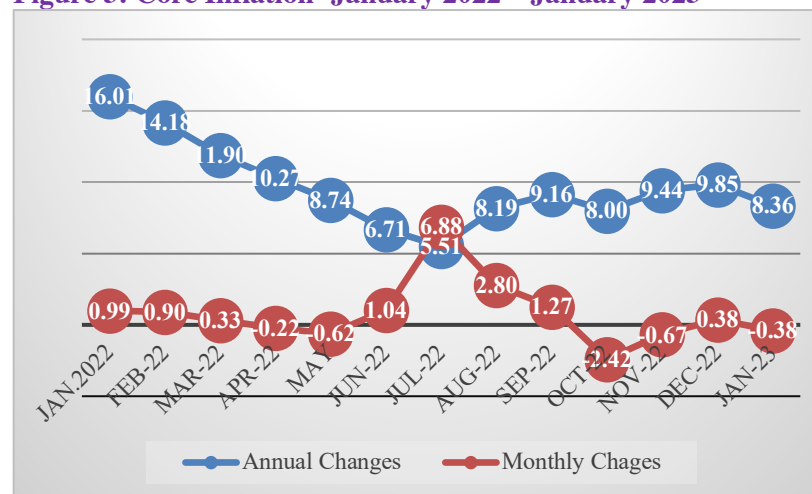


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded a rate of 10.36 percent in January 2023, about six percentage points lower than the 16.01 percent recorded in January 2022. Month-on-Month Change was less than negative one percent.

Figure 3: Core Inflation- January 2022 – January 2023

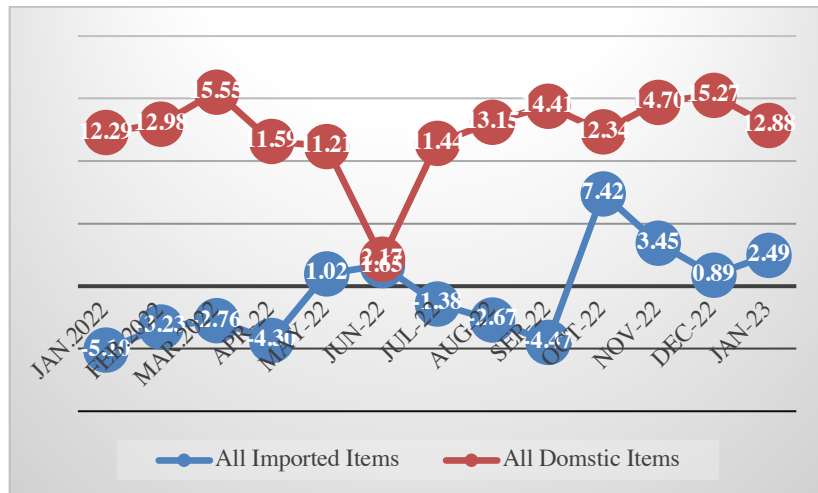


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period January 2022 to January 2023. As depicted, the month of January 2023 recorded a rate of about 2.5 percent for all imported items combined within the Basket. In January 2022, the rate was about negative 5.1 percent. All

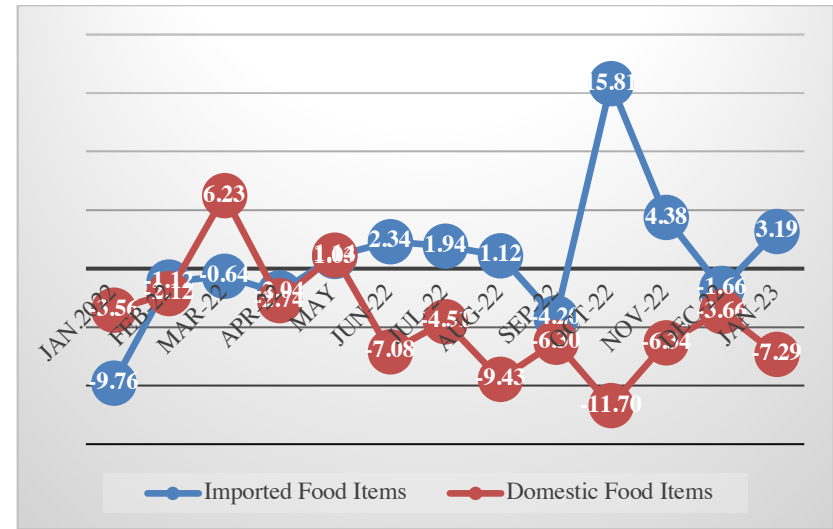
domestically produced items within the Basket grouped as a unit continued a positive and strong trend, still reporting in double digits with January 2023 reporting at nearly 13 percent. The group recorded less than one percentage point increase from the 12.29 percent recorded in January, 2022. It is 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 (January 2022 – January 2023)



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



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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 3.19 percent while domestically produced food items (as a group) reported a rate of negative 7.29 percent for the month of January, 2023. In January, 2022 imported food items were at about negative 10.0 percent while domestically produced food items reported negative 3.56 percent.

Key factors contributing to the increase in Inflation for January 2023

In January 2023, the annual inflation rate was recorded at 8.22 percent from 9.19 percent in the previous month, December 2022. This slight reduction was driven by exchange rate variations coupled with demand constraints.

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 January 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:

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