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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) SEPTEMBER 2023



THE INFLATION RATE FOR THE MONTH OF SEPTEMBER, 2023 WAS 9.96 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.

September 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 9.96 Percent. This rate of Inflation for September 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from September 2022 to September 2023. Simply put, the data shows that the general price level increased by nearly 10 percent on a Year-on-Year basis. The month recorded about three percentage points increase from a low of about seven percent in September 2022.

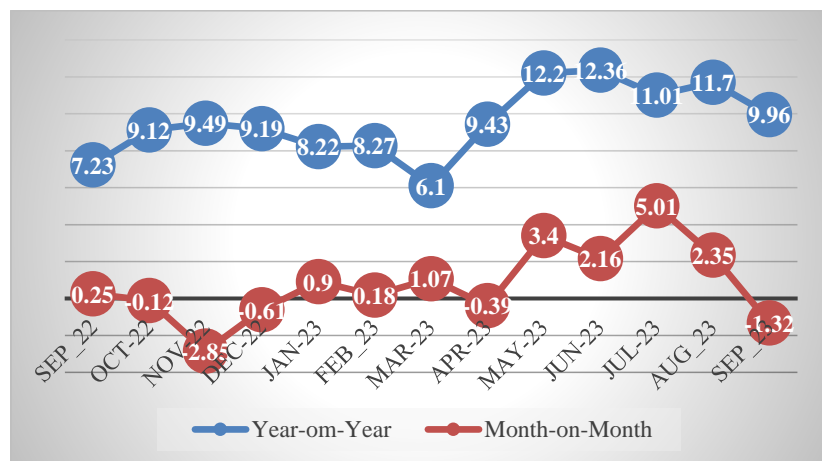
Table 1: Liberia Consumer Price Index (CPI), Sep. 2022 - Sep. 2023

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
Jun-23	671.67	2.16	12.36
Jul-23	705.29	5.01	11.01
Aug-23	721.85	2.35	11.70
Sep-23	712.33	-1.32	9.96

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The Month-on-Month Change was about negative one percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (August 2023) was 11.7 Percent.

Figure 1: Monthly and Annual Changes of CPI in Time Series - September 2022 to September 2023



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Food and Non-food Inflation for September 2023

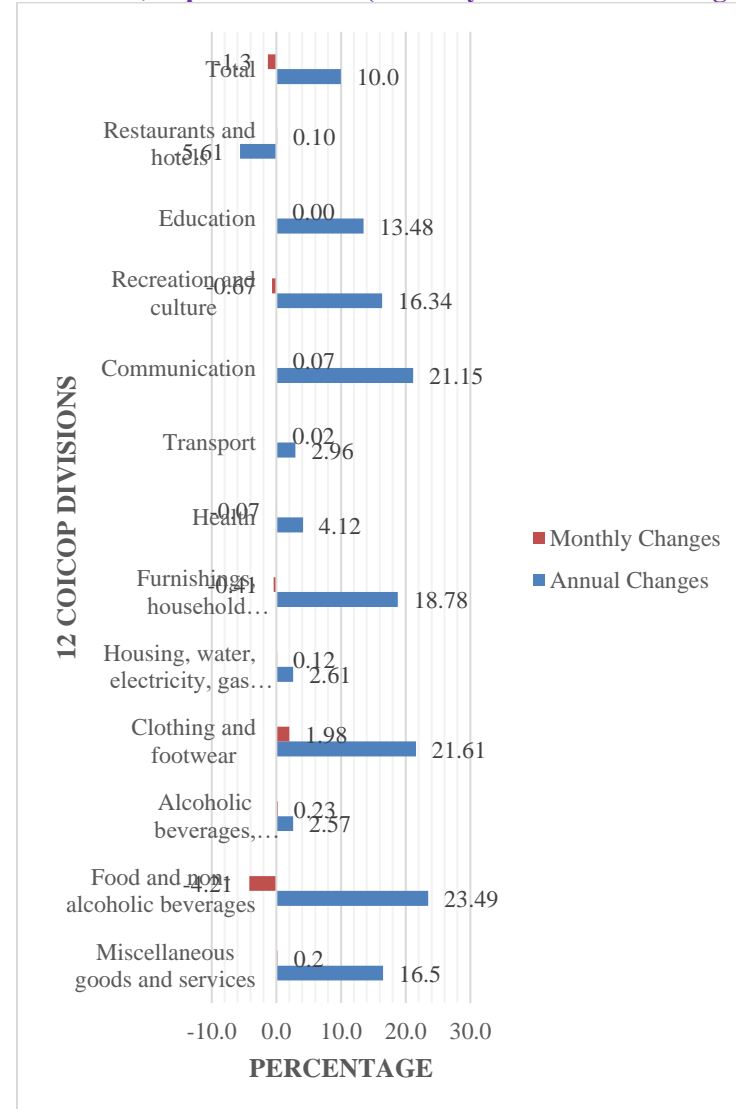
The Food and Non-alcoholic Beverages Division: Of the 12 COICOP Divisions, Food and Non-alcoholic Beverages Division recorded the highest inflation rate of about 23.5 percent on a Year-on-Year basis. The same Division recorded about negative five percent in September, 2022. In the Food and Non-alcoholic Beverages Division, the Vegetables Group registered the highest inflation of 32.4 percent

with Onion contributing the highest inflation (52 percent) within the sub-group. The Vegetable Group was followed by Sugar, jam, honey, chocolate and confectionery Sub-group at 30.9 percent. In the Food and Nonalcoholic Beverages Division, the Coffee, Tea and Cocoa Group registered the lowest inflation rate of negative 27.9 percent from which the Tea, Herbal Tea (Lipton's) Class accounts for the least - negative 47.5 percent. In the Food and Nonalcoholic Beverages Category, three (3) Groups recorded inflation rates greater than the group's average of 16.5 percent. They are: Vegetables (32.4 percent), Sugar, jam, honey, chocolate and confectionery (30.9 percent), Bread and cereals (28.8 percent).

The Non-Food Category recorded a Year-on-Year Inflation Rate of 4.49 percent in September 2023, decreasing by nearly nine percentage points from the 13.19 percent recorded in September 2022. In the Non-Food Category, the **Clothing and Footwear Division** recorded the highest Inflation of 21.69 percent followed by the **Communication Division** at 21.15 percent. The **Restaurants and hotels Division** recorded the lowest Inflation of negative 5.61 percent. Six out of the 11 Divisions within the Non-Food category however recorded inflation rates higher than the average of the nonfood category of 4.49 percent. They are: **Clothing and Footwear Division** (21.69 percent), **Communication Division** (21.15 percent), **Furnishings, household equipment and routine household maintenance Division** (18.78

percent), **Miscellaneous Goods and Services** (16.48 percent), **Education Division** (13.48 percent) and **Recreation and Culture Division** (16.34 percent).

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

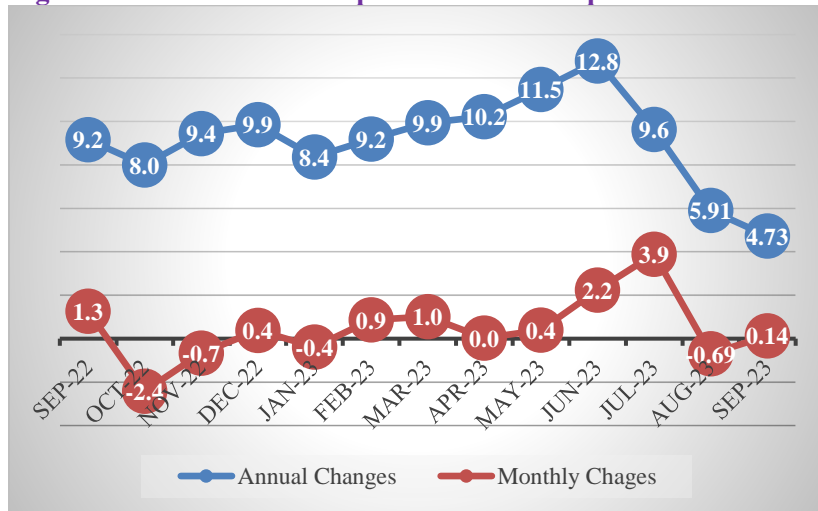


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 4.73 percent in September 2023, from a high of 9.2 percent in September 2022. Month-on-Month Change was 0.14 percent.

Figure 3: Core Inflation- September 2022 – September 2023

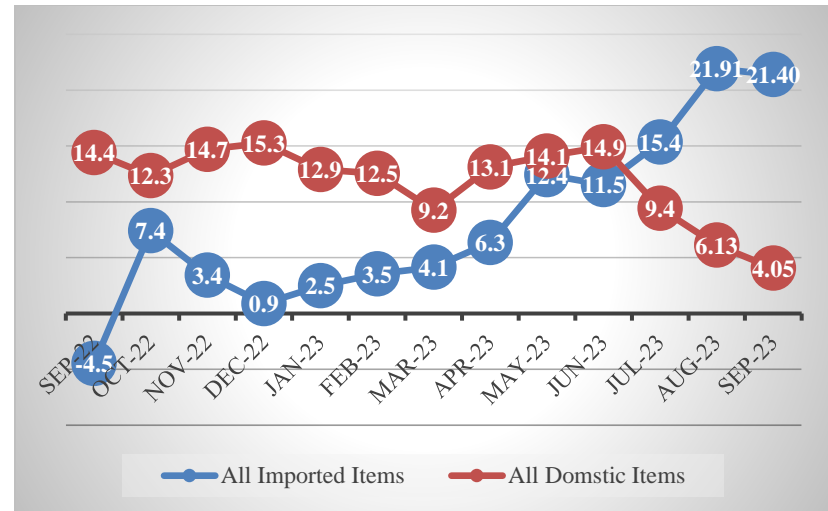


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period September 2022 to September 2023. As seen below, the month of September 2023 recorded a Year-on-Year change of 21.4 percent for all imported items combined within the Basket. In September 2022, the rate was negative 4.5 percent. All domestically produced items within the Basket

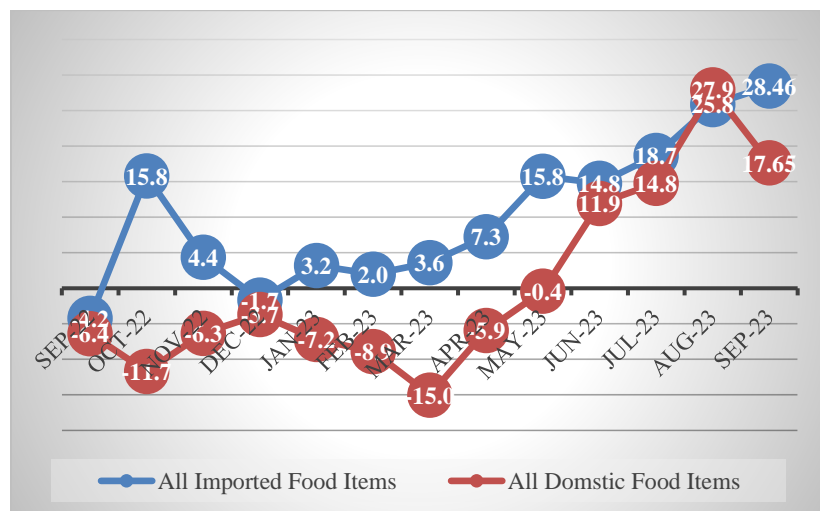
grouped as a unit reported a decline of about 4 percent in September 2023 compared to 14.4 percent in September 2022.

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



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Figure 5: Inflation Rate: Imported and Domestic Food Items (September 2022 to September 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 28.5 percent while domestically produced food items (as a group) reported a rate of about 17.6 percent for the month of September 2023. In September 2022, imported and domestically produced food items were at negative 4.2 and negative 6.4 percent, respectively.

Key factors contributing to Inflation for September 2023

On a Year-on-Year basis, Liberia’s general price level increased by nearly 10 percent in September 2023. The 12 COICOP Division are weighted (expenditure share) with Food and non-alcoholic beverages having the highest (34.1%) and Alcoholic beverages, tobacco and narcotics having the lowest (0.65%). With this, a small change in prices of products in a division with a high expenditure share (weight) has a huge impact on the total inflation whereas a big change in the prices of products in a division with low expenditure share (weight) has slight impact on the total inflation. Major price increases were recorded in the Food and Nonalcoholic Beverages Division. The total index for September 2023 is reported at 178.564 of which Food and non-alcoholic beverages accounts for 57.739 or 32.3 percent. Zooming into the Food and non-alcoholic beverages Division, the data shows that Imported Rice recorded the highest contribution to the overall index (13.018 of 178.564) at the subclass (item) level. Note that Imported Rice has an expenditure share of 7.6%. 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 32.5 Dollars, that is, from about 153.9243 LRD – 1USD in September 2022 to 186.3950 LRD-1USD in September 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 the Liberian economy is.

Method of Calculating Indices

For the computation of indices, two methods are used: For Elementary Indexes, Modified Jevons (Geometric Average) Index Formula is used while the Modified Young Index Formula is used to compute higher-level Indexes.

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 September 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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