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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) JANUARY 2024

THE INFLATION RATE FOR THE MONTH OF JANUARY 2024 WAS 10.52 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 2024 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 10.52 Percent. This rate of Inflation for January 2024 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from January 2023 to January 2024. Simply put, the data shows that the general price level increased by 10.52 percent on a Year-on-Year basis. The month recorded 2.3 percentage points increase from 8.22 in January 2023.

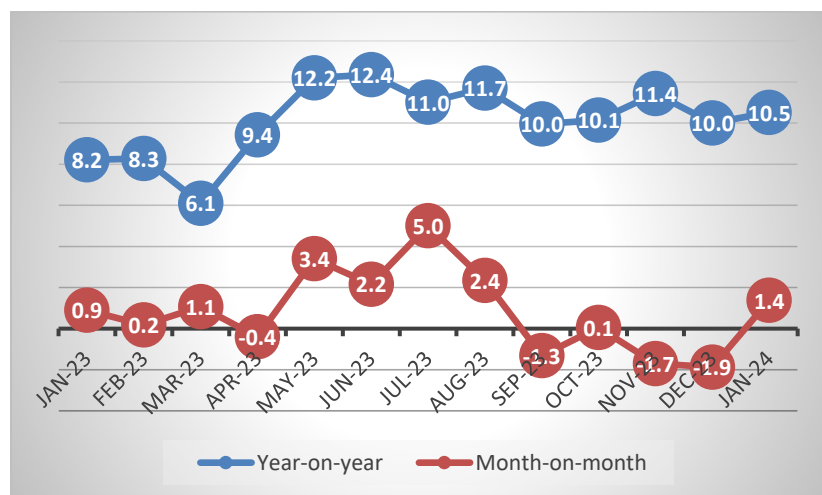
Table 1: Liberia Consumer Price Index (CPI), Jan. 2023 - Jan. 2024

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Jan-23	630.46	0.90	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	657.50	3.40	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
Oct-23	712.68	0.05	10.14
Nov-23	700.54	-1.70	11.43
Dec-23	687.42	-1.87	10.01
Jan-24	696.82	1.37	10.52

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The Month-on-Month Change was 1.37 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (December 2023) was 10.01 Percent.

Figure 1: Monthly and Annual Changes of CPI in Time Series - January 2023 to January 2024



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Food and Non-food Inflation for January 2024

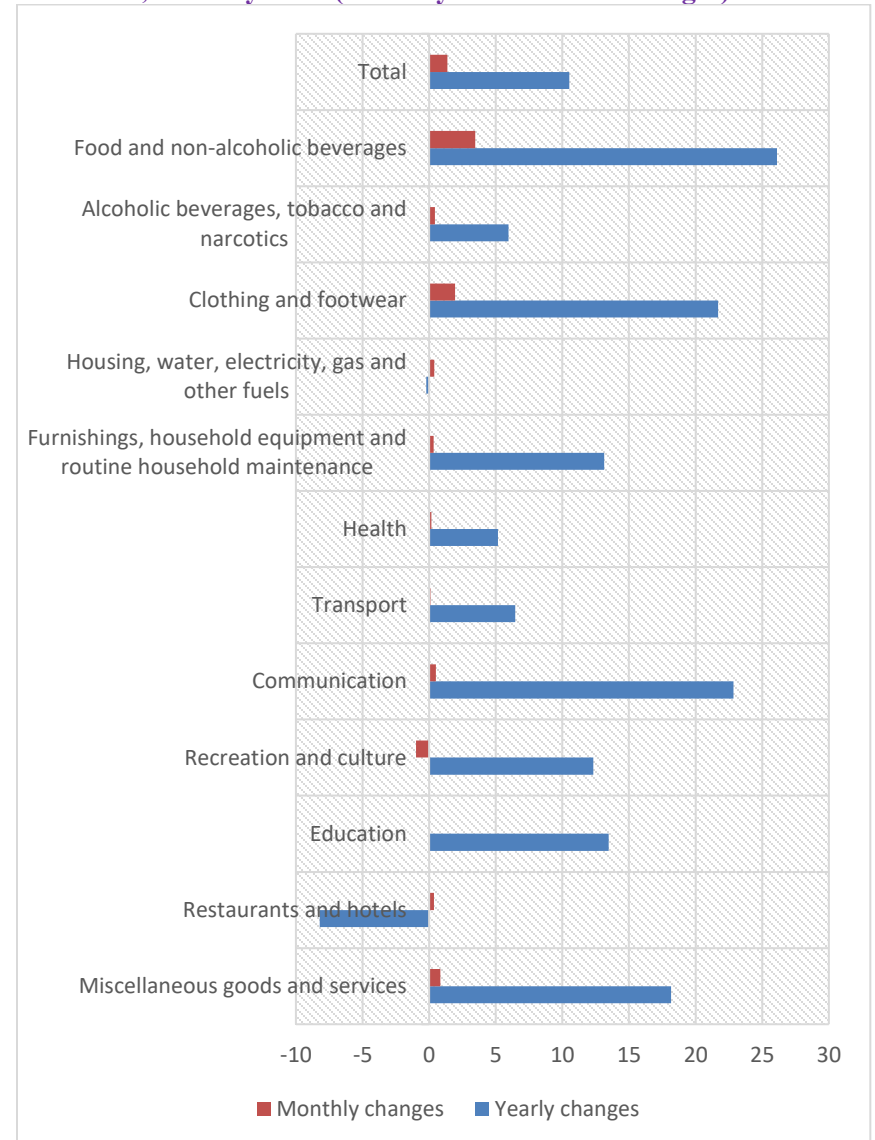
The Food and Non-alcoholic Beverages Division: Of the 12 COICOP Divisions, Food and Non-alcoholic Beverages Division recorded the inflation rate of about 26.11 percent on a Year-on-Year basis, moving about 28 percentage points upward from the -1.88 percent recorded in January 2023. In the Food and Non-alcoholic

Beverages Division, the Bread and Cereal Class registered the highest inflation of 38.78 percent with imported rice recording the highest inflation (45.03 percent) within the Class. The Bread and Cereal Class was followed by the Fish Class at 38.24 percent. In the Food and Nonalcoholic Beverages Division, the Oil and fats Class registered the lowest inflation rate of negative 25.77 percent from which Palm oil recorded negative 31.45 percent. At the elementary aggregate (item) level, Dried pepper recorded the highest inflation rate of 68.14. Dried pepper was followed by Chicken feet which recorded 68 percent. Cassava roots recorded the lowest inflation rate of negative 37.22. Five out of the 11 Classes within the Food and Nonalcoholic Beverages Division recorded y-o-y inflation rates higher than the Division’s average of 26.11 percent. The five Classes include: Bread and Cereal (38.78%), Fish (38.24%), Vegetable (29.75%), Sugar, jam, honey, chocolate and confectionery (35.45%), and Food product (36.05%).

The Non-Food Category recorded a Year-on-Year Inflation Rate of 4.16 percent in January 2024, decreasing by 8.81 percentage points from the 12.97 percent recorded in January 2023. In the Non-Food Category, the **Communication Division** recorded the highest Inflation of 22.84 percent followed by the **Clothing and footwear** at 21.68 percent. The **Restaurants and hotels Division** recorded the lowest Inflation of negative 8.22 percent. Nine out of the 11 Divisions

within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 4.16 percent. They are: **Alcoholic Beverages, Tobacco and Narcotics** (5.96 percent) **Clothing and Footwear** (21.68 percent), **Furnishings, household equipment and routine household maintenance** (13.13 percent), **Health** (5.17 percent), **Transport** (6.47 percent), **Communication** (22.84 percent), **Recreation and Culture** (12.37 percent), **Education** (13.48 percent) and **Miscellaneous Goods and Services** (18.17 percent).

Figure 2: Inflation Rates (%) by the 12 major COICOP Functions, January 2024 (Monthly and Annual Changes)

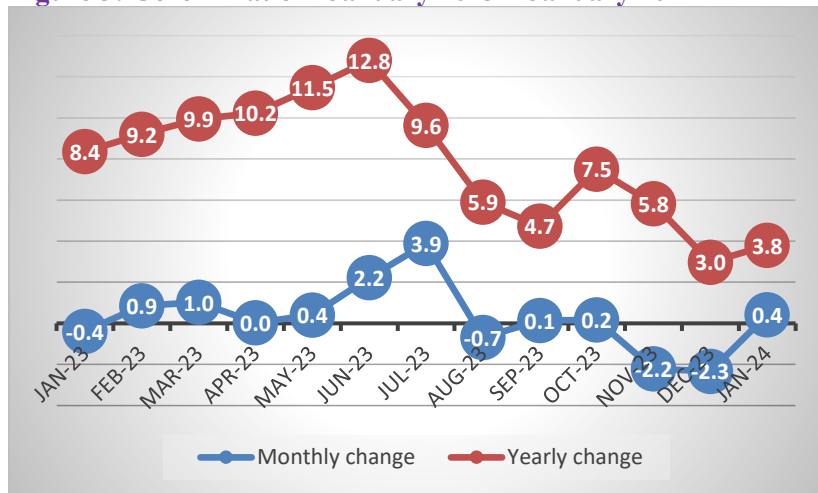


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 3.8 percent in January 2024, decreasing by 4.56 percentage points from 8.36 percent in January 2023. Month-on-month change was negative 2.33 percent.

Figure 3: Core Inflation- January 2023 – January 2024

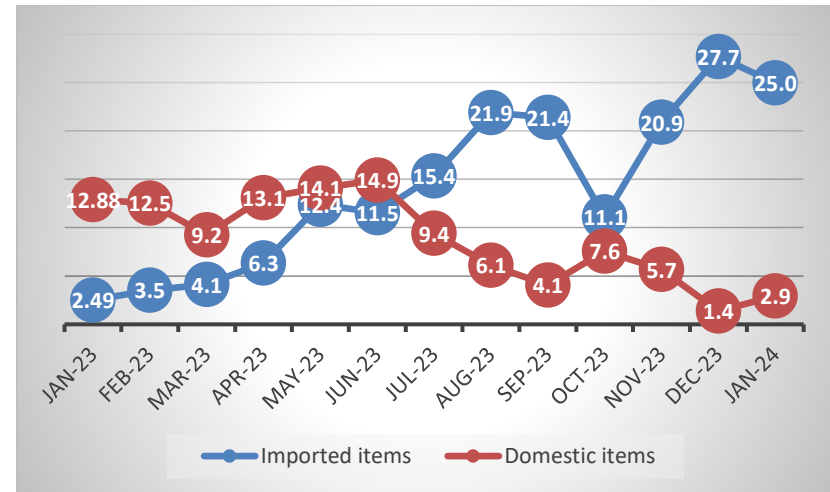


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Figure 4 presents data for all imported and domestically produced items respectively, covering the period January 2023 to January 2024. As seen, the month of January 2024 recorded a Year-on-Year change of 24.96 percent for all imported items combined within the Basket. In January 2023, the rate was 2.49 percent. All domestically produced items within the Basket grouped as a unit reported 2.93 percent in

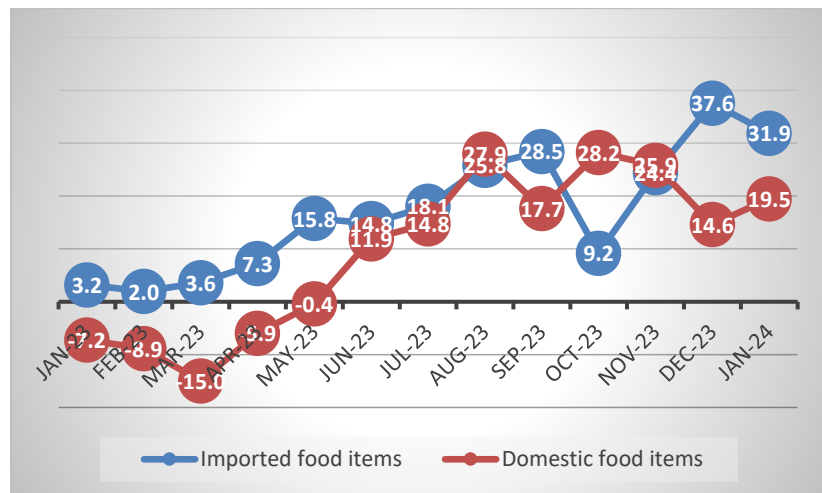
January 2024, a decline from the 12.88 percent recorded in January 2023.

Figure 4: Inflation Rate: All Imported and Domestic Items (January 2024 – January 2024)



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Figure 5: Inflation Rate: Imported and Domestic Food Items (January 2023 to January 2024)



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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 31.91 percent while domestically produced food items (as a group) recorded y-o-y inflation rate of 19.45 percent for the month of January 2024. In January 2023, imported and domestically produced food items were at 3.91 percent and negative 7.21 percent, respectively.

Key factors contributing to Inflation for January 2024

On a Year-on-Year basis, Liberia’s general price level increased by 10.52 percent in January 2024. 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. 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 22 percent, that is, from 155.6949LRD - 1USD in January 2023 to 189.4535LRD - 1USD in January 2024, 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 January 2024 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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