

LIBERIA INSTITUTE OF STATISTICS AND GEO- INFORMATION SERVICES (LISGIS)



Producer Price Index (PPI)

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PRODUCER PRICE INDEX (PPI) REPORT FIRST, SECOND AND THIRD QUARTERS 2024



Hon. Richard Fartoma Ngafuan
Director General

INTRODUCTION

We are pleased to present the inaugural edition of the Producer Price Index (PPI) newsletter, covering the first, second, and third quarters of 2024. The newsletter highlights the developments and findings related to Sections D (Electricity, Gas, Steam and Air Conditioning Supply) and E (Water Supply; Sewerage, Waste Management and

Remediation Activities) of the International Standard Industrial Classification (ISIC) Revision 4.

The Producer Price Index (PPI) is an essential macroeconomic indicator which measures the average change over time in the selling prices received by domestic producers for their goods and services. By tracking price changes for various economic activities, the PPI provides valuable insights into inflationary trends (pressure) from the perspective of producers. The index plays a crucial role in assessing the competitiveness of local industries and informs policy decisions. The PPI is used by economic policymaker, economists, academia and businesses.

The Producer Price Index will be calculated for all economic activities within the economy, namely: Agriculture, Industry and Service. At LISGIS, our vision is to produce and disseminate credible and timely price



indexes for all economic activities beginning with the Industrial Producer Price Index (IPPI). The IPPI is composed of four sections: B (Mining and quarrying), C (Manufacturing), D and E of ISIC rev. 4. With the construct of the indexes for Section D and E, we are working to do same for the other sections and will release PPIs for sections B and C in the near future. We will then continue work to expand coverage to include other activities.

ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY

The year-on-year producer inflation for electricity has been on the decline in the first three quarters of 2024. The first quarter recorded an average year-on-year inflation rate of 20.4 while the second and third quarters recorded average y-o-y inflation rates of 14.6 and 5.2 respectively.

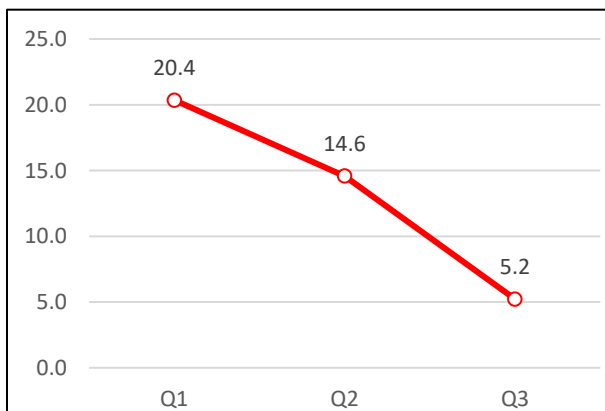


Figure 1: Average year-on-year change per quarter for 2024

The average monthly changes per quarter in 2024 has significantly decreased compare to the corresponding quarters in 2023. The first quarter in 2024 recorded an average change of 0.3% while the second and third quarters recorded 0.6% and 0.1% respectively.

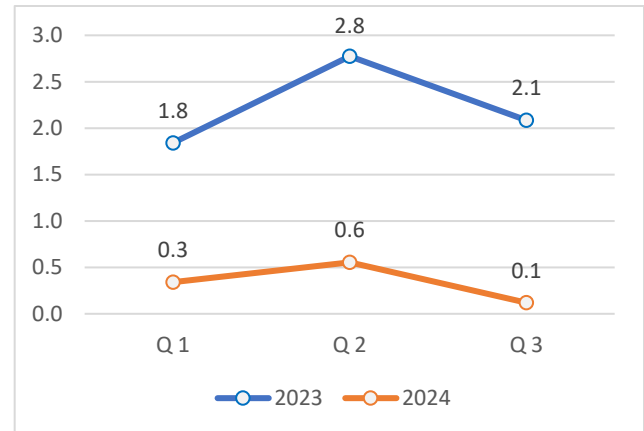


Figure 2: Average month-on-month change per quarter for 2023 and 2024

Quarter One (January – March)

This first quarter of 2024 registered an average year-on-year inflation of 20.4 while the average month-on-month inflation for the same period was 0.3.

Table 1: Index and inflation, Jan - March 2024

Months	Index		Change rate (%)	
	2022=100		Monthly	Yearly
	2023	2024	2024	2024
January	100.8	123.3	1.0	22.3
February	102.3	123.6	0.3	20.9
March	104.5	123.3	-0.3	17.9



Quarter Two (April – June)

This second quarter of 2024 recorded an average year-on-year inflation of 14.6 while the average month-on-month inflation for the same period was 0.6.

Table 2: Index and inflation, April - June 2024

Months	Index		Change rate (%)	
	2022=100		Monthly	Yearly
	2023	2024	2024	2024
Apr	106.4	125.4	1.7	17.8
May	108.7	125.4	0.1	15.4
Jun	113.5	125.3	-0.1	10.5

Quarter Three (July – September)

The third quarter of 2024 recorded an average year-on-year inflation of 5.2 while the average month-on-month inflation for the same period was 0.1.

Table 3: Index and inflation, July - Sept 2024

Months	Index		Change rate (%)	
	2022=100		Monthly	Yearly
	2023	2024	2024	2024
Jul	119	126.5	0.9	6.2
Aug	120.7	126.9	0.3	5.2
Sept	120.6	125.8	-0.9	4.3

WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES

The PPI rate for Water for first, second and third quarters for 2024 remained at 0.0 percent.

Data for the compilation of the PPI for water comes from only one source; the National Water Company; (LWSC). This is the only company operating in the sector that has thus far supplied data for the PPI compilation. The company operates a fixed tariff system.

Giving the limited data available, a unit value could not be determined, but efforts are underway to obtain detailed data from the company to determine the unit value for future publication.



Figure 3: Year-on-year change per month (2024)



METHODOLOGY

Sampling

The classification for the PPI was done using the International Standard Industrial Classification (ISIC) revision 4. Cut-off sampling was used to select the establishments and transactions that are included in the compilation of the index. The 2016/2017 National Account Annual Survey (NAAS) dataset was used to develop the weights at the establishment level using the annual turnover as a measure of size. The 2022 annual revenue of the establishments were used as a measure of size in developing the weights at the transaction level. The weights of establishments and transactions that were not selected after the cut-off, were redistributed among the ones selected and within the same category. The establishments considered in the PPI for Electricity includes services providers in the generation, transmission and distribution of electricity within the national grid and service providers in the generation and distribution of electricity at the community level (community current) across the country.

In the PPI for Water, only one establishment was captured. Work is being done to include

other private establishment in the water sector.

Index Calculation

The Producer Price Index is compiled using the Modified Young index. Weights are available at the transaction level. Collected prices are aggregated using the transaction weights. Each successively higher level of aggregation is a weighted average of the component indexes. The index reference period is 2022 where the index equals 100.

DISSEMINATION

A copy of this report and more detailed data in Excel format have been posted on the LISGIS website www.lisgis.gov.lr. The PPI report is scheduled to be published quarterly, within 60 days after the end of the quarter.

For comments/inquiries, please contact the following:

*Hon. Richard Fatorma Ngafuan. – Director-
General cell: +231 776 210 164; email:
richardngafuan@live.com*

*Andrew A. Tellewoyan – Director of Economic
Statistics Email: tellewoyanandrew@yahoo.com; Tel:
+231-886-633-149 / +231-776-212-810*

*Emmanuel K. Bonney – Asst. Director, Industrial
Statistics Email: mauelney16@gmail.com; Tel: +231-
776-601-386 / +231-555-175-421*