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NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) OCTOBER 2023



THE INFLATION RATE FOR THE MONTH OF OCTOBER, 2023 WAS 10.14 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.

October 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 10.14 Percent. This rate of Inflation for October 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from October 2022 to October 2023. Simply put, the data shows that the general price level increased by a little over 10 percent on a Year-on-Year basis. The month recorded 1.02 percentage points increase from 9.12 in October 2022.

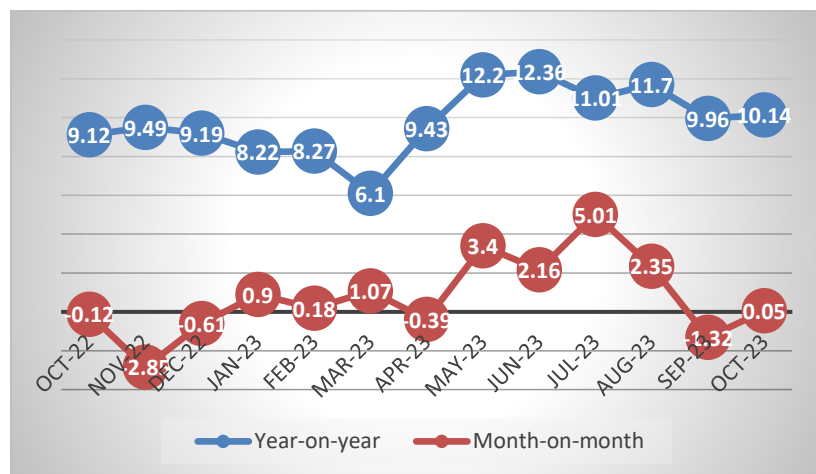
Table 1: Liberia Consumer Price Index (CPI), Oct. 2022 - Oct. 2023

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
Oct-23	712.68	0.05	10.14

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The Month-on-Month Change was 0.05 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (September 2023) was 9.96 Percent.

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



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Food and Non-food Inflation for October 2023

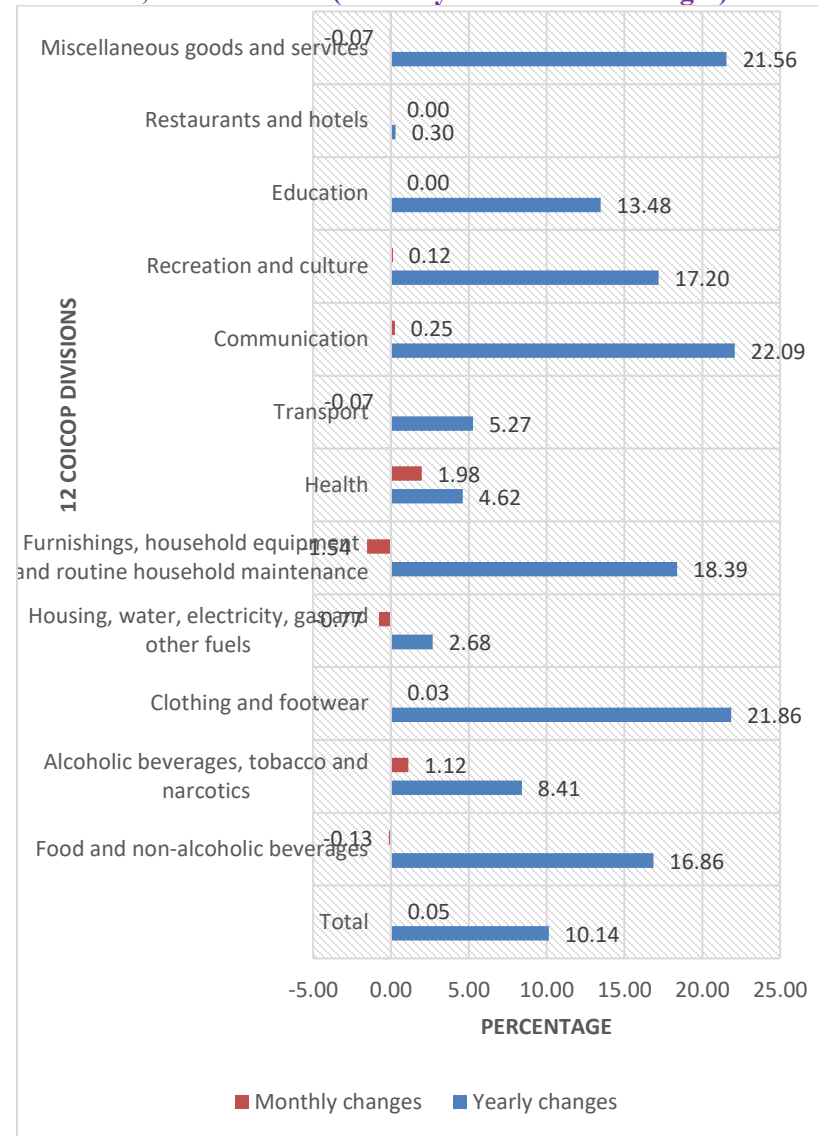
The Food and Non-alcoholic Beverages Division: Of the 12 COICOP Divisions, Food and Non-alcoholic Beverages Division recorded the inflation rate of about 17.0 percent on a Year-on-Year basis, moving about 14 percentage points upward from the 3.08 percent recorded in October 2022. In the Food and Non-alcoholic Beverages Division, the Vegetables Class registered the highest

inflation of 55.27 percent with Onion recording the highest inflation (120.98 percent, more than double from October 2022) within the Class. It is also worthy to note that Okra registered a year-on-year inflation of 116.10 percent. This indicates that the price of Okra more than doubled from October 2022. The Vegetable Group was followed by Sugar, jam, honey, chocolate and confectionery Class at 45.28 percent. In the Food and Nonalcoholic Beverages Division, the Oil and fats Class registered the lowest inflation rate of negative 2.24 percent from which the Vegetable oil (Argo oil) accounts for the least, negative 16.95 percent. Seven out of the 11 Classed within the Food and Nonalcoholic Beverages Division recorded year-on-year inflation rates higher than the Division’s average (weighted) of 16.86. The four Classes that recorded lower year-on-year inflation rates are Bread and Cereals (2.63%), Oils and Fats (-2.24%), Fruits (15.37%), and Coffee, Tea and Cocoa (13.35%).

The Non-Food Category recorded a Year-on-Year Inflation Rate of 7.20 percent in October 2023, decreasing by about five (5) percentage points from the 11.99 percent recorded in October 2022. In the Non-Food Category, the **Communication Division** recorded the highest Inflation of 22.09 percent followed by the **Clothing and Footwear Division** at 21.86 percent. The **Restaurants and hotels Division** recorded the lowest Inflation of negative 0.30 percent. Seven out of the 11 Divisions within the Non-Food category however recorded

inflation rates higher than the average of the nonfood category of 7.20 percent. They are: **Alcoholic Beverages, Tobacco and Narcotics** (8.41 percent) **Clothing and Footwear Division** (21.86 percent), **Furnishings, household equipment and routine household maintenance Division** (18.39 percent), **Communication Division** (22.09 percent), **Recreation and Culture Division** (17.20 percent), **Education Division** (13.48 percent) and **Miscellaneous Goods and Services** (21.56 percent).

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

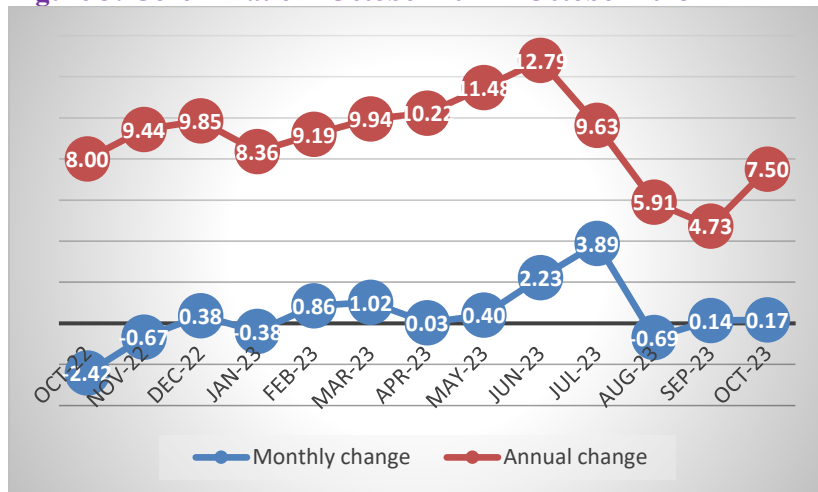


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 7.50 percent in October 2023, decreasing by half of a percentage point from 8.00 percent in October 2022. Month-on-Month Change was 0.17 percent.

Figure 3: Core Inflation- October 2022 – October 2023

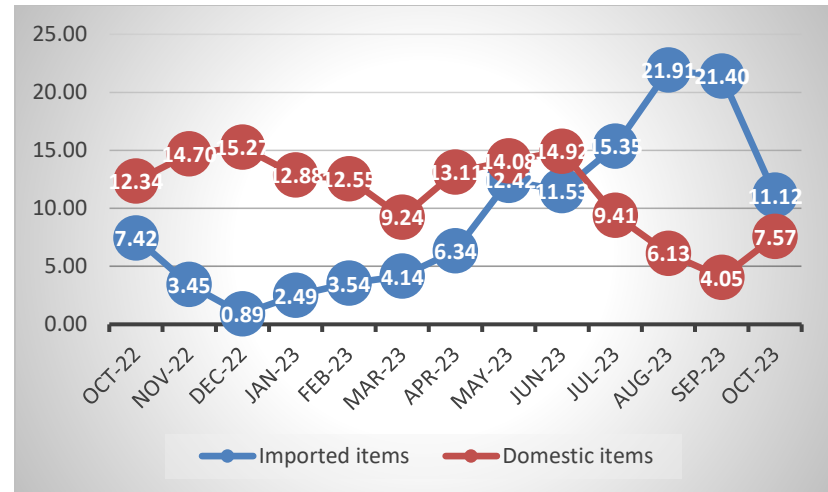


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period October 2022 to October 2023. As seen below, the month of October 2023 recorded a Year-on-Year change of 11.12 percent for all imported items combined within the Basket. In October 2022, the rate was 7.42 percent. All domestically produced items within the Basket grouped

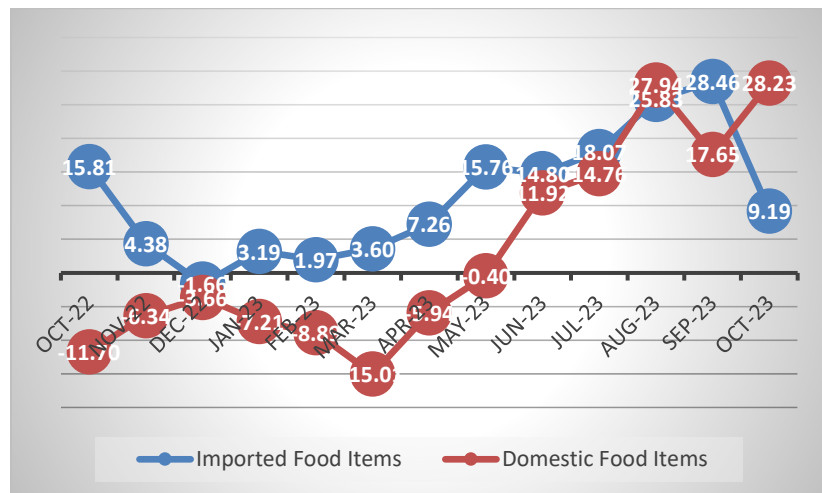
as a unit reported 7.57 percent in October 2023, a decline from the 12.34 percent recorded in October 2022.

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



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Figure 5: Inflation Rate: Imported and Domestic Food Items (October 2022 to October 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 9.19 percent while domestically produced food items (as a group) recorded year-on-year inflation rate of 28.23 percent for the month of October 2023. In October 2022, imported and domestically produced food items were at 15.81 and negative 11.70 percent, respectively.

Key factors contributing to Inflation for October 2023

On a Year-on-Year basis, Liberia’s general price level increased by 10.14 percent in October 2023. The 12 COICOP Divisions 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 unchained index for October 2023 is reported at 178.651 of which Food and non-alcoholic beverages accounts for 57.662 or 32.28 percent. Zooming into the Food and non-alcoholic beverages Division, the data shows that Imported Rice recorded the highest contribution to the overall index (13.271 of 178.651) at the subclass (item) level. Note that Imported Rice has an expenditure share of 7.6%. On the other hand, 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 LRD33.40, that is, from 153.6196 LRD – 1USD in October 2022 to 186.9830 LRD-1USD in October 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's 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 October 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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