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NEWSLETTER
LIBERIA CONSUMER PRICE INDEX (LCPI)
MARCH 2023

THE INFLATION RATE FOR THE MONTH OF MARCH, 2023 WAS 6.10 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.

March 2023 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 6.10 Percent. This rate of Inflation for March 2023 is the percentage change in the Consumer Price Index (CPI) over the last twelve months, from March 2022 to March 2023. Simply put, the data shows that the general price level increased by 6.10 percent on a year-on-year basis. The month recorded about three percentage points decrease from a high of 9.51 percent in March 2022.

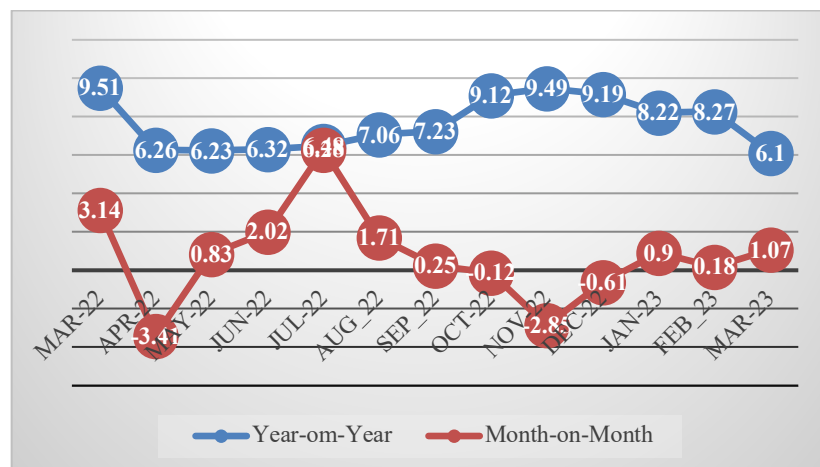
Table 1: Liberia Consumer Price Index (CPI), Mar. 2022-Mar. 2023)

Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
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
Feb-23	631.59	0.18	8.27
Mar-23	638.34	1.07	6.10

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The Month-on-Month Change was 1.07 percent. Meanwhile, the Year-on-Year Inflation Rate for the previous month (February 2023) was 8.27 Percent.

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



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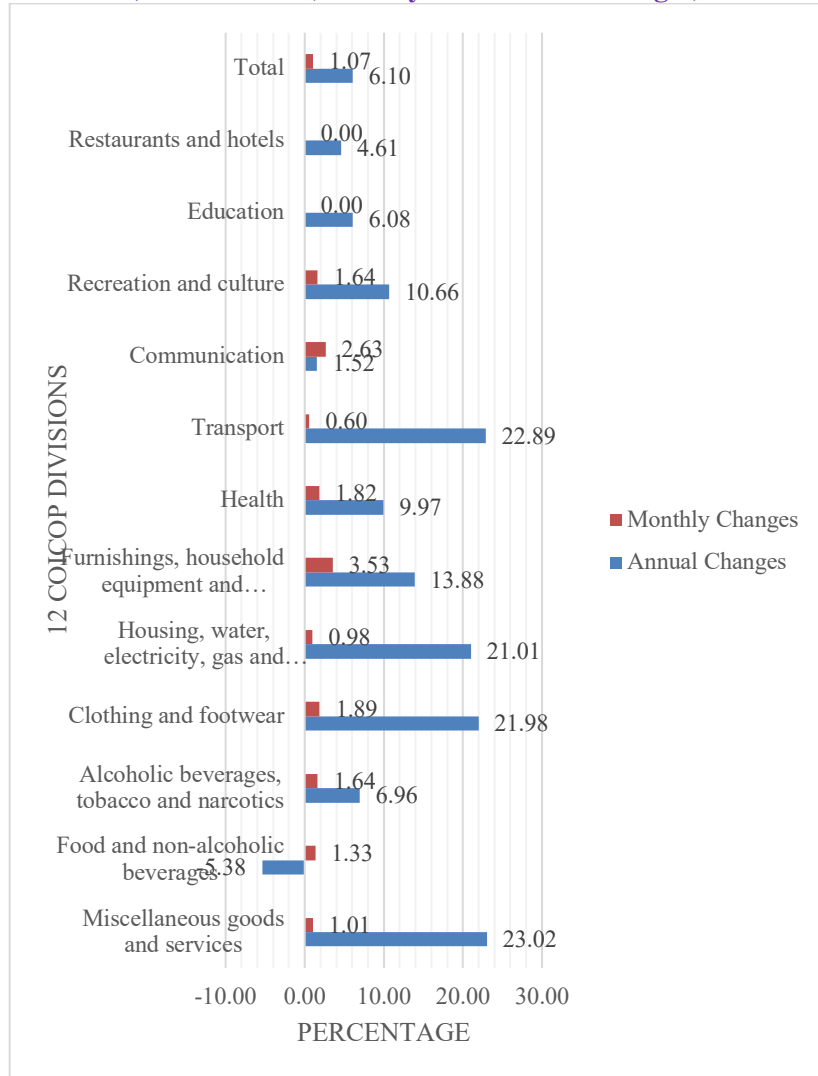
Food and Non-food Inflation for March 2023

The Food and Non-alcoholic Beverages Category, on a year-on-year basis, recorded a rate of negative 5.38 percent. The group recorded 2.58 percent in March 2022. In this category for the month under review, the Vegetable Class registered the lowest inflation rate of negative 48.7 percent. The Sugar, jam, honey, chocolate and confectionery Class recorded the highest of about 23.5 percent with Jams, marmalade, jellies recording the highest of about 40.0 Percent.

In the Food and Nonalcoholic Beverages Category, seven (7) classes recorded inflation rates greater than the group’s average of negative 5.38 percent. They are: Bread and cereals (12.27 percent), Meat (6.56 percent), Milk, cheese and eggs (18.90 percent), Oils and fats (negative 1.72 percent), Fruit (12.57 percent), and Sugar, jam, honey, chocolate and confectionery (23.59 percent), Mineral waters, soft drinks, fruit and vegetable juices (negative 1.24 percent).

The Non-Food Category recorded a Year-on-Year Inflation Rate of 11.54 percent in March 2023, decreasing by nearly two percentage points from the 13.13 percent recorded in March 2022. In the **Non-Food Category**, the **Miscellaneous Goods and Services Division** recorded the highest inflation of 23.02 percent followed by the **Transport Division** (22.89 percent). The **Communication Division** recorded the lowest Inflation of 1.52 percent with Scratch Cards (Vouchers) accounting for the lowest of negative 14.01 percent which can be attributed to the appreciation of the Liberian Dollars compared to March 2022. Five out of the 11 divisions within the Non-Food category recorded inflation rates higher than the average of the nonfood category of 11.54 percent. They are: **Miscellaneous Goods and Services** (23.02 percent), **Transport** (22.89 percent), **Clothing and Footwear** (21.98 percent), **(Housing, water, electricity, gas and other fuels** (21.01 percent), and **Furnishings, household equipment and routine household maintenance** (13.88 percent).

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

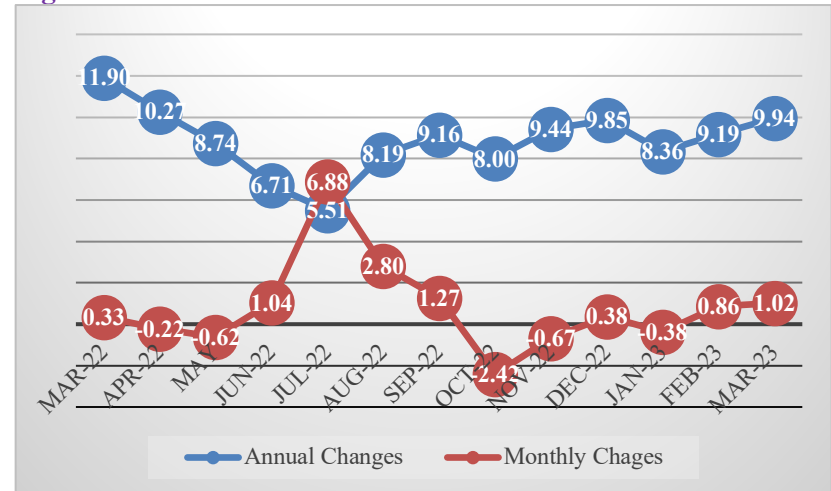


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Core Inflation

As depicted in Figure 3 below, Core Inflation, that is, General Inflation less food and transport recorded an annual rate of 9.94 percent in March 2023, about two percentage points lower than the 11.90 percent recorded in March 2022. Month-on-Month Change was about one percent.

Figure 3: Core Inflation- March 2022 – March 2023

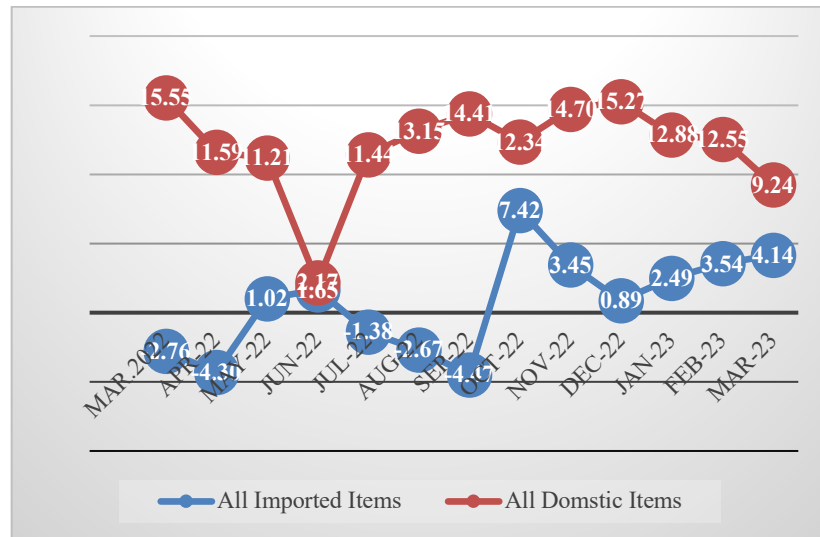


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Figure 4 below presents data for all imported and domestically produced items respectively, covering the period March 2022 to March 2023. As depicted, the month of March 2023 recorded a rate of 4.14 percent for all imported items combined within the Basket and on an annual basis. In March 2022, the rate was negative 2.76 percent.

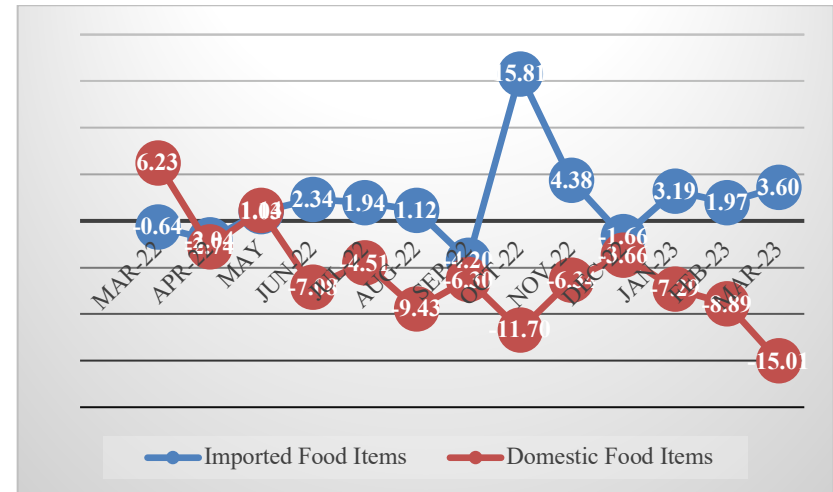
All domestically produced items within the Basket grouped as a unit continued a positive trend with March 2023 reporting at 9.24 percent. The group decreased by about six percentage points from the 15.55 percent recorded in March, 2022. It is important to note that Liberia is hugely import-reliant with 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 (March 2022 – March 2023)



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Figure 5: Inflation Rate: Imported and Domestic Food Items (March 2022 to March 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 3.60 percent while domestically produced food items (as a group) reported a rate of negative 15.01 percent for the month of March, 2023. In March, 2022 imported food items were at negative 0.64 percent while domestically produced food items reported 6.23 percent.

Key factors contributing to the decrease in Inflation for March 2023

For March 2023, the Annual Inflation Rate was recorded at 6.10 percent down from 8.27 percent in the previous month, that is, February 2023. The decrease was primarily driven by a reduction in foods prices, especially domestic foods. This was evidenced by the decrease in vegetables prices.

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 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 March 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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