



Liberia Institute of Statistics & Geo-Information Services

Capitol Hill, Monrovia Liberia

P.O. Box: 629



NEWSLETTER
CONSUMER PRICE INDEX (CPI)
DECEMBER, 2018



INFLATION RATE FOR THE MONTH OF DECEMBER, 2018 WAS 28.5%

The Consumer Price Index (CPI) measures the change over time in the general price level of goods and services that households acquire for the purpose of consumption, with reference to the price level in 2005, the base year for Liberia, which has an index of 100.

December 2018 Rate of inflation

The year-on-year inflation rate as measured by the CPI was 28.5 percent. This rate of inflation for December 2018 is the percentage change in the Consumer Price Index (CPI) over the twelve-month period, from December, 2017 to December, 2018. The monthly change rate for December, 2018 was 2.4 percent compared to the 2.0 percent change recorded for November, 2018. Meanwhile, Year-on-Year Inflation rate for the month of November, 2018 was 27.1 percent. All items within the CPI Basket are grouped according to the **Classification of Individual Consumption by Purpose (COICOP)**, an international classificatory scheme developed by

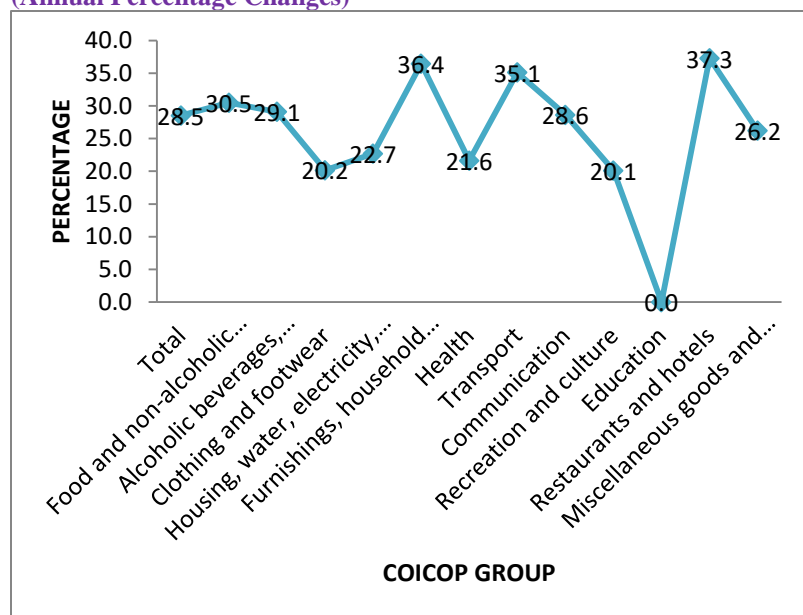
Table 1: Consumer Price Index (CPI), December, 2017 to December, 2018

Year / Month	Index Dec 2005 = 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y)
Dec-17	310.38	1.2	13.9
Jan-18	317.87	2.4	15.4
Feb-18	319.64	0.6	17.8
Mar-18	326.30	2.1	19.5
Apr-18	330.94	1.4	21.4
May-18	334.62	1.1	21.3
Jun-18	353.88	5.8	24.6
Jul-18	366.41	3.5	26.1
Aug-18	374.31	2.2	26.1
Sep-18	379.44	1.4	26.3
Oct-18	382.10	0.7	26.6
Nov-18	389.59	2.0	27.1
Dec-18	398.92	2.4	28.5

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the United Nations Statistics Division to classify and analyze individual consumption expenditures incurred by households.

**Figure 1: Food and Nonfood by major subgroups, December 2018
(Annual Percentage Changes)**



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Major Drivers of Inflation for the month of December, 2018

Only items within the basket recording a change in increment of at least 20 percent were captured as major drivers of inflation due to the very long list of items. On this basis, the major drivers of inflation for the month of December were recorded in the following areas: Insurance associated with transport to 99.6 percent (from 0.7 percent for the previous month); other services in respect of personal transport equipment to 34 percent (from 0 percent for the previous month); cups, other kitchen utensils (knives, forks, spoons, etc) to 56 percent (from 5 percent for the previous month); glassware, tableware and household utensils to 34 percent (from 0.6 percent

for the previous month); sewing cost, tailoring and seamstress costs, clothing repair cost to 35.5 percent (from 5 percent for the previous month); similarly, cleaning, repair and hire of clothes to 35.5 percent (from 5 percent for the previous month); palm oil cost increased by 24.5 percent (from 24.9 percent); bitter balls/kitilay cost up to 36 percent (from 19.3 percent); eggplant cost up to 22 percent (from -7 percent); cabbage/lettuce cost up to 33.4 percent (from 31.2 percent); tomato ketchup cost up to 24 percent (from 18 percent); other personal beauty products (shampoo, razor blades, cosmetics, hair products, nail polish, powder, oil etc.) cost up to 22.5 percent (from 1.1 percent).

Factors Contributing to Inflation

The major factor underpinning the surge in inflation for the month of December, 2018 can be strongly linked to the depreciation of the Liberian Dollar. However, specifically for vegetables, the current climatic condition (Dry Season) leads to low productivity and supply, which also causes high demand. For the exchange rate, though it is not an item within the CPI Basket, the exchange rate between the United States Dollar and Liberian Dollar has witnessed the constant depreciation of the Liberian Dollar, and this greatly influences prices of imported items and even cascades to almost all local items too.

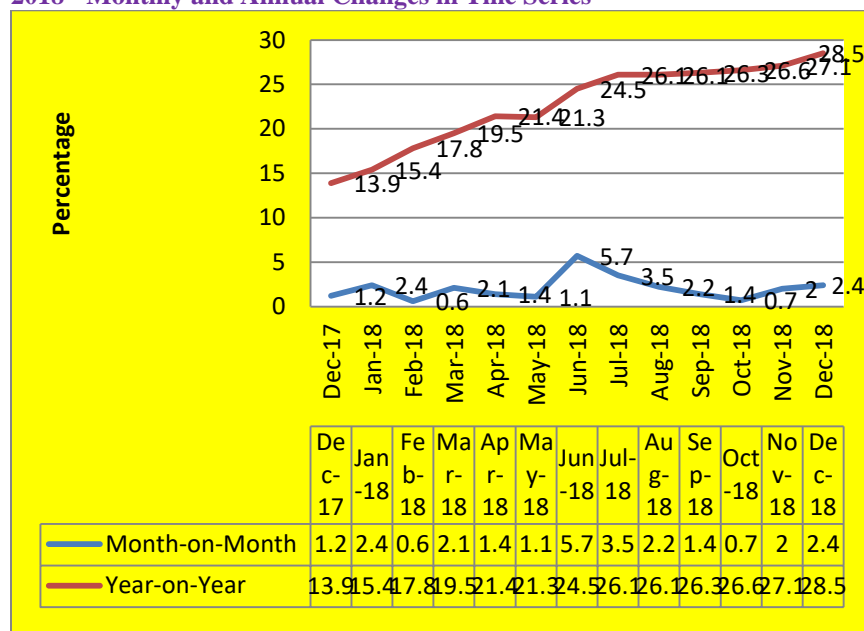
The Inflation Rate of Liberia, by a greater extend is determined by the exchange rate of the Liberian Dollars to the United State Dollars, ceteris paribus. Prices of major CPI items are quoted in United States Dollar on the Liberian Market and later converted to Liberian Dollar at the Period Average Rate published by the Central Bank of Liberia and experience over the years has recorded exchange rate and the price of goods strongly correlated, all else equal. In addition, the rise in the price of petroleum

product as well as government’s tax policy contributes to the current rate of inflation.

Dissemination

A bulletin on the December 2018 CPI and more detailed data in Excel format have been posted on the LISGIS website www.lisgis.net.gov.lr. The target publication date of the monthly CPI newsletter is the 10th of each month for the previous month.

Figure 2: Consumer Price Index (CPI), December, 2017 to December, 2018 - Monthly and Annual Changes in Time Series



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Method of Calculating Indices

For Elementary Indices, Jevons Geometric Average Index Formula is used while the Laspeyres Index Formula is used to compute Aggregate Index.

Limitations

It is important to keep our readers informed that all CPI data published are only collected from Monrovia and its suburbs due to resource constraints. Though this has been the case even in prewar Liberia, efforts are now underway to widen the scope of the exercise in the soonest possible time in order to begin monitoring and reporting on country, regional and county levels, respectively.

For comments/inquiries, contact the followings:

1. Hon. Wilmot Smith, Jr. – Deputy Director General for information Dissemination (cell: wil2ksmith@yahoo.com)
2. Mr. Boima H.M. Sonii – Director/Economic Statistics (bhmsonii1975@gmail.com; bhsonii@yahoo.com; +231-886524 773)
3. Andrew A. Tellewoyan – Asst. Director/Industrial Statistics (tellewoyanandrew@yahoo.com; +231-886633149)