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NEWSLETTER CONSUMER PRICE INDEX (CPI) APRIL, 2020



INFLATION RATE FOR THE MONTH OF APRIL, 2020 WAS 22.51%

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. Liberia has rebased its CPI Basket. The old basket was in use from December, 2005 (base year) to December 2018 and for the first time since after the civil war, Liberia is now using weights of items derived from its own survey, the 2016 HIES. Due to the lack of country-owned data to determine weights of items within the basket between this period (2005-2018), weights were partly borrowed from regional countries said to have similar consumption patterns. It is important to note that the updated basket and the previous ones are chain-linked to continue the flow of estimates, and the index is referenced to December 2005.

Table 1: Consumer Price Index (CPI), April, 2019 to April, 2020

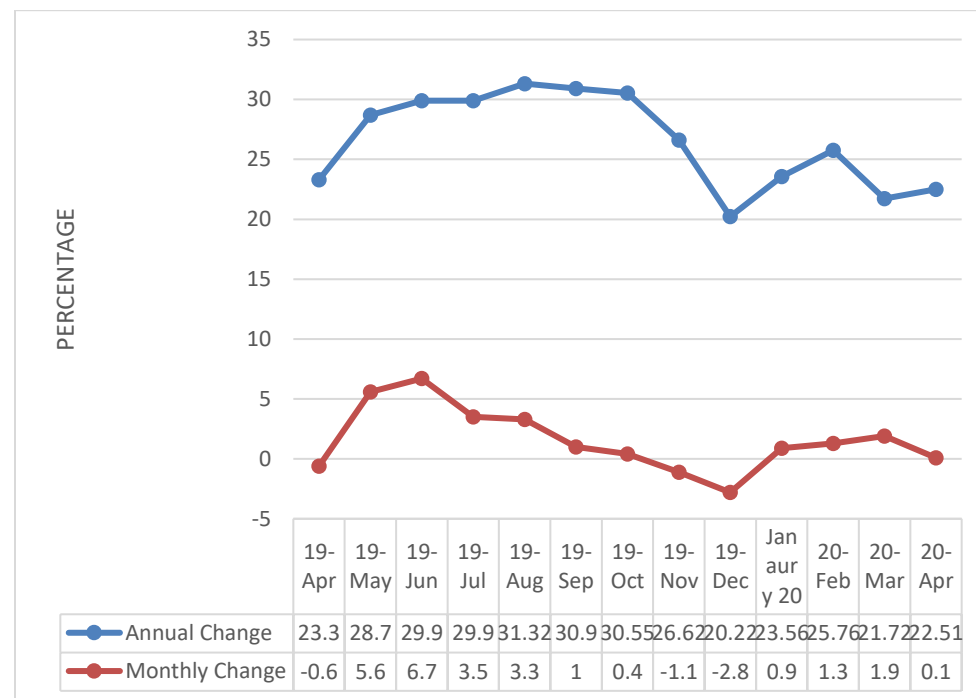
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Apr-19	408.01	-0.6	23.3
May-19	430.78	5.6	28.7
Jun-19	459.72	6.7	29.9
Jul-19	475.85	3.5	29.9
Aug-19	491.54	3.3	31.32
Sept-19	496.68	1.0	30.90
Oct-19	498.82	0.4	30.55
Nov-19	493.32	-1.1	26.62
Dec-19	479.59	-2.8	20.22
Jan-20	484.18	0.9	23.56
Feb-20	490.40	1.3	25.76
Mar-20	499.61	1.9	21.72
Apr-20	499.86	0.1	22.51

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April, 2020 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 22.51 percent. This rate of inflation for April 2020 is the percentage change in the Consumer Price Index (CPI) over the twelve-month period, from April 2019 to April, 2020. The month-on-month change for April, 2020 was 0.1 percent down from 1.9 percent change recorded for March, 2020. Meanwhile, Year-on-Year Inflation rate for the month of March 2020 was 21.72 percent. All items within the CPI 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 function is used.

Figure 1: Consumer Price Index (CPI), April, 2019 to April, 2020 - Monthly and Annual Changes in Time Series



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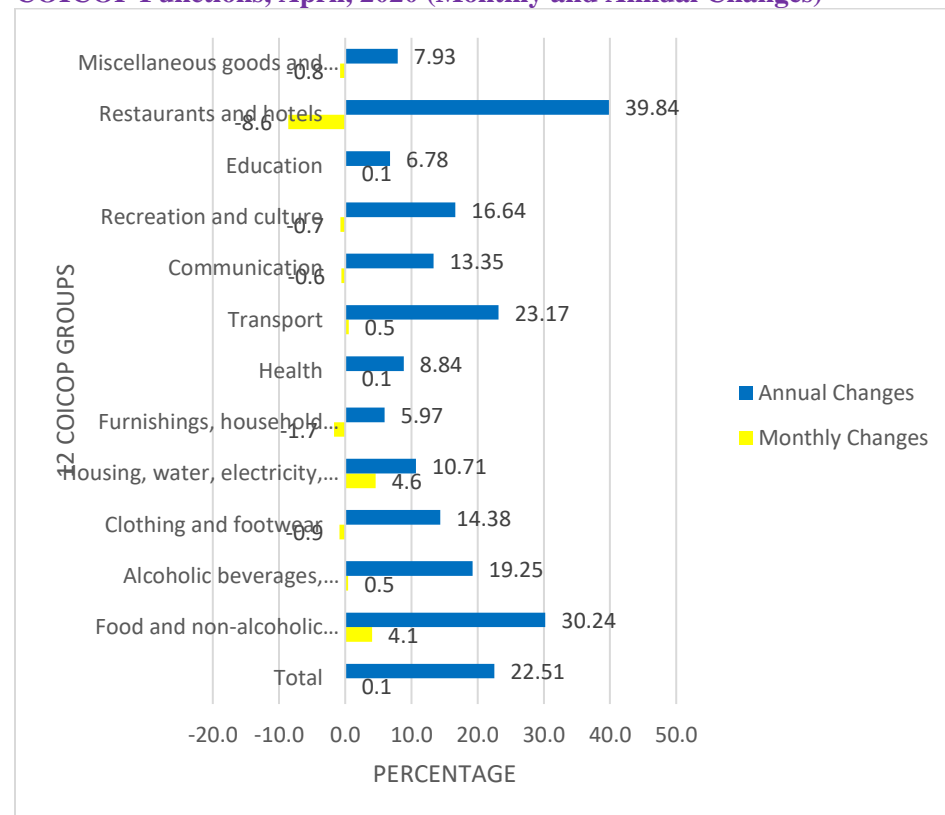
Food and Non-food Inflation for April, 2020

The Food and non-alcoholic beverages inflation rate recorded a year-on-year inflation rate of 30.24 percent, 0.24 percentage point lower than 30.48 percent recorded for March, 2020. Seven subgroups recorded inflation rates lower than the group’s average rate of 30.24 percent. They are: Bread and cereals 24.0 percent; Meat 23.5

percent; Milk, Cheese and Eggs 14.5 percent; oils and fats 21.6 percent; Fruits 9.5 percent; Vegetables 17.0 percent; Sugar, jam, honey, chocolate and confectionery 10.1 percent.

The Non-Food group recorded a year-on-year inflation rate of 18.33 percent in April 2020. The Non-Food inflation for April 2020 is 1.02 percentage point higher than the 17.31 percent recorded for March 2020. The following subgroups were the key drivers of the non-food inflation: Spirits 43.4 percent, Cleaning, repair and hire of clothing 24.0 percent, Shoes and footwear 33.3 percent, Materials for the maintenance and repair of the dwelling 22.0 percent, Solid fuels 30.0 percent, Household textiles 33.0 percent, Passenger transport by road 40.0 percent, Information processing equipment 40.0 percent, Restaurants, cafés and the like 40.0 percent.

Figure 2: Food and Nonfood Inflation Rate (%) by the 12 major COICOP Functions, April, 2020 (Monthly and Annual Changes)



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Key factors Contributing to inflation for the month of April, 2020

The closure of most nonfood businesses across the country coupled with limited or no importation of such items has led to increase in demand and consequently higher prices of items in this category.

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 Laspeyres Index Formula is used to compute Aggregate Index.

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 items is 4 and 3-9 for service items. There are 114 items in the service category and 47 items in the market category of the new basket and data is collected from four markets only: Red Light, Duala, Rally Time and General Market (Waterside).

Limitations

Liberia's CPI Data collection remains Monrovia based. However, in 2019 LISGIS concluded multilateral discussions with key development partners including the World Bank for the development of Statistics in Liberia – by extension, the expansion of the scope of the CPI Data collection to other parts of Liberia in order to begin monitoring and reporting at national, regional and county levels, respectively. This initiative could be delayed as a result of the novel COVID-19.

Dissemination

A bulletin on the April, 2020 CPI and more detailed data in Excel format have been posted on the LISGIS website www.lisgis.net. The target publication date of the monthly CPI newsletter is the 10th of each month for the previous month.

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