



Liberia Institute of Statistics & Geo-Information Services

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NEWSLETTER
LIBERIA CONSUMER PRICE INDEX (LCPI)
JUNE, 2020



INFLATION RATE FOR THE MONTH OF JUNE, 2020 WAS 13.14%

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

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 discarded 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.

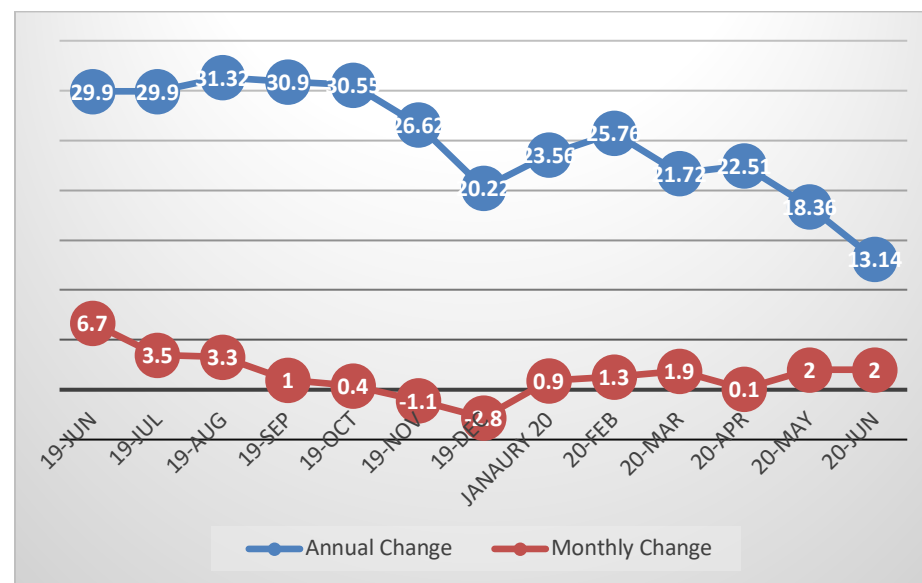
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Jun-19	459.72	6.7	29.9
Jul-19	475.85	3.5	29.9
Aug-19	491.54	3.3	31.32
Sept-19	496.68	1.0	30.90
Oct-19	498.82	0.4	30.55
Nov-19	493.32	-1.1	26.62
Dec-19	479.59	-2.8	20.22
Jan-20	484.18	0.9	23.56
Feb-20	490.40	1.3	25.76
Mar-20	499.61	1.9	21.72
Apr-20	499.86	0.1	22.51
May-20	509.88	2.0	18.36
Jun-20	520.13	2.0	13.14

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June, 2020 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 13.14 Percent. This rate of inflation for June, 2020 is the percentage change in the Consumer Price Index (CPI) over the twelve-month period, from June 2019 to June, 2020. This month, June 2020 recorded more than a 100 percent decrease from June 2019 to June 2020 (29.90 & 13.14 respectively). The Month-on-Month Change for June, 2020 was 2.0 percent as recorded also for May, 2020. Meanwhile, Year-on-Year Inflation rate for the month of May, 2020 was 18.36 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 for Liberia’s CPI Compilation.

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



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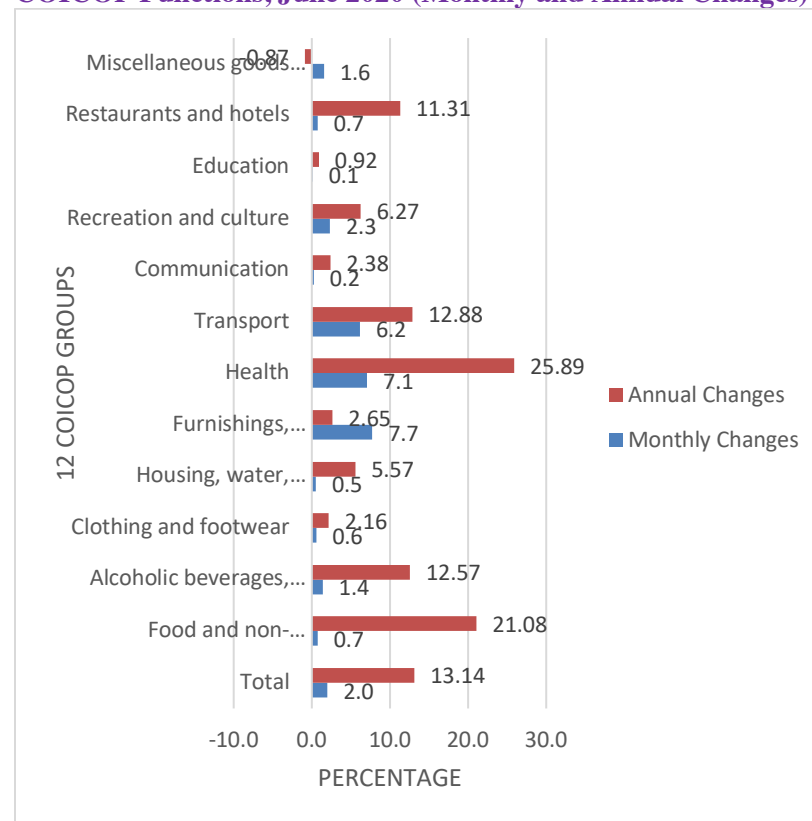
Food and Non-food Inflation for June, 2020

The Food and non-alcoholic beverages recorded a Year-on-Year inflation rate of 21.08 percent, 7.2 percentage point lower than 28.28 percent recorded for May, 2020. Five subgroups recorded inflation rates lower than the group’s average rate of 21.08 percent. They are: Bread and cereals 5.5 percent; Milk, cheese and eggs 3.8 percent; Oils and fats 15.3 percent; Fruits 8.9 percent; Sugar, jam, honey, chocolate

and confectionery Food product -4.0 percent; Mineral waters, soft drinks, fruit and vegetable juices -19.8 percent. Conversely, five subgroups recorded inflation rates higher than the group's average of 21.08 percent. Namely: Meat 21.7 percent; Fish, 57.9 percent; Vegetables 28.1 percent; Food products 22.8 percent; Coffee, tea and cocoa, 135.7 percent.

The Non-Food group recorded a Year-on-Year Inflation rate of 8.96 percent in June 2020. The Non-Food inflation rate for June, 2020 is 4.21percentage point lower than the 13.17 percent recorded for May 2020. The following subgroups recorded major changes leading to the deceleration of the non-food inflation: Garments -3.56 percent; Shoes and footwear including repair 33.3 percent; Water purchase -23.3 percent; Furniture and furnishings -4.8 percent; Small tools and miscellaneous accessories -15.6 percent; On the contrary, Pharmaceutical products, a subgroup in the Health Group, recorded the rate of 46.7 percent; Other services in respect of personal transport equipment 29.2 percent; Passenger transport by road 25.3 percent;

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



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Key factors Contributing to the deceleration of inflation for the month of June, 2020

Weak demand for non-food items such as furnishings and major household appliances that led to declined prices for such commodities contributed significantly to the deceleration of the inflation rate.

Consumers demands are directed towards essential goods/services. Contrariwise, the prevailing health situation has caused due care and attention to medical and pharmaceutical products thereby leading to higher demand, thus directly affecting cost. Additionally, the Liberian Dollar which has been constantly deteriorating has been very stable in the second quarter of 2020. The deterioration of the currency has over the years been somewhat proportional to prices on the market especially for imported items.

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 of the CPI

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 June, 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.

For comments/inquiries, contact the followings:

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