



Liberia Institute of Statistics & Geo-Information Services

Capitol Hill, Monrovia Liberia

P.O. Box: 629



NEWSLETTER
LIBERIA CONSUMER PRICE INDEX (LCPI)
MAY, 2020



INFLATION RATE FOR THE MONTH OF MAY, 2020 WAS 18.36%

Table 1: Consumer Price Index (CPI), May, 2019 to May, 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.

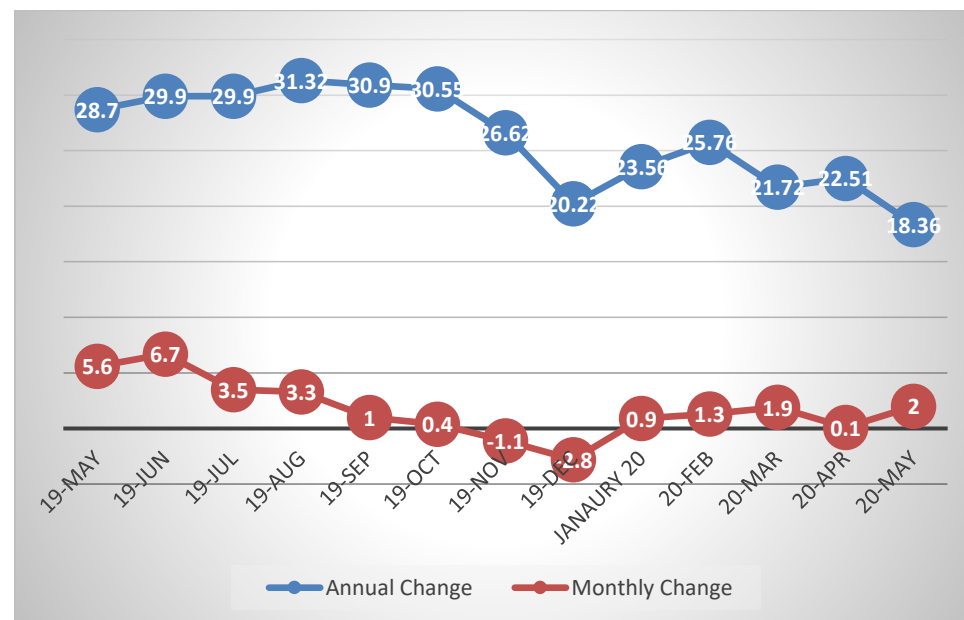
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
May-19	430.78	5.6	28.7
Jun-19	459.72	6.7	29.9
Jul-19	475.85	3.5	29.9
Aug-19	491.54	3.3	31.32
Sept-19	496.68	1.0	30.90
Oct-19	498.82	0.4	30.55
Nov-19	493.32	-1.1	26.62
Dec-19	479.59	-2.8	20.22
Jan-20	484.18	0.9	23.56
Feb-20	490.40	1.3	25.76
Mar-20	499.61	1.9	21.72
Apr-20	499.86	0.1	22.51
May-20	509.88	2.0	18.36

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May, 2020 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 18.36 percent. This rate of inflation for May, 2020 is the percentage change in the Consumer Price Index (CPI) over the twelve-month period, from May 2019 to May, 2020. The month-on-month change for May, 2020 was 2.0 percent up from 0.1 percent change recorded for April, 2020. Meanwhile, Year-on-Year Inflation rate for the month of April, 2020 was 22.51 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), May, 2019 to May, 2020 - Monthly and Annual Changes in Time Series



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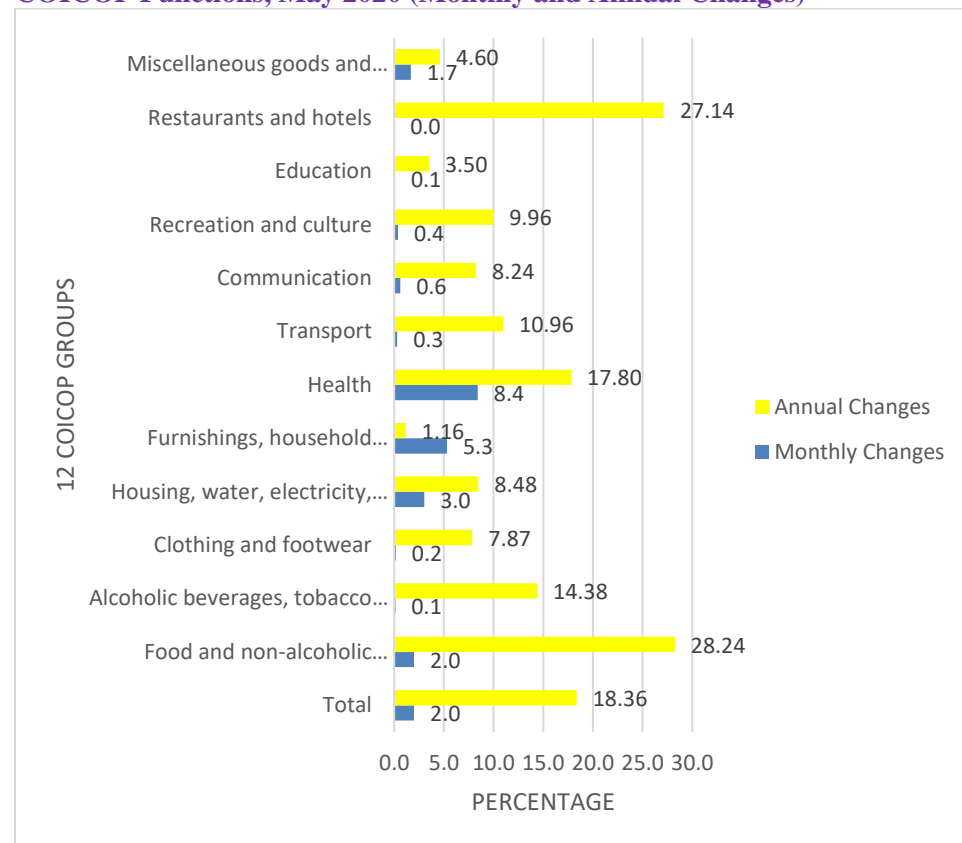
Food and Non-food Inflation for May, 2020

The Food and non-alcoholic beverages recorded a year-on-year inflation rate of 28.24 percent, 2 percentage point lower than 30.24 percent recorded for April, 2020. Seven subgroups recorded inflation rates lower than the group’s average rate of 28.24 percent. They are: Bread and cereals 22.3 percent; Meat 27.6 percent; Fruits 7.6 percent; Vegetables 16.2 percent; Sugar, jam, honey, chocolate and

confectionery 2.4 percent Food product 20.2 percent; Mineral waters, soft drinks, fruit and vegetable juices 5.5 percent. Conversely, three subgroups recorded inflation rates higher than the group average of 28.24. Namely: Fish, 64.0 percent; oils and fats 30.0 percent and Coffee, tea and cocoa, 142.6 percent.

The Non-Food group recorded a year-on-year inflation rate of 13.17 percent in May, 2020. The Non-Food inflation rate for May, 2020 is 5.16 percentage point lower than the 18.33 percent recorded for April 2020. The following subgroups recorded major changes leading to the deceleration of the non-food inflation: Furniture and furnishings -23.0 percent; Major household appliances -0.5 percent; Small electric household appliances -27.9 percent; Equipment for reception, recording and reproduction of sound and pictures 5.0 percent; Equipment for sport, camping and open-air recreation 10.3 percent; Passenger transport by road 18.4 percent. On the contrary, Pharmaceutical products, a subgroup in the Health Group, recorded a 24.4 percentage point increase.

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



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

Unlike the Non-food category, in the food and non-alcoholic beverages category, no significant changes occurred. Weak demand for non-food items such as furnishings and major household

appliances contributed significantly to the deceleration of the inflation rate. 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.

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 May, 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:

Hon. Wilmot Smith, Jr. – Deputy Director General for information Dissemination (cell: wil2ksmith@yahoo.com)

Mr. Boima H.M. Sonii – Director/Economic Statistics (bhmsonii1975@gmail.com; b.sonii@yahoo.com; +231-886524773

Andrew A. Tellewoyan – Asst. Director/Industrial Statistics (tellewoyanandrew@yahoo.com; +231-886633149/+231-776212810