



Liberia Institute of Statistics & Geo-Information Services

Capitol Hill, Monrovia Liberia

P.O. Box: 629



NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) NOVEMBER, 2020



INFLATION RATE FOR THE MONTH OF NOVEMBER, 2020 WAS 10.39%

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

The Consumer Price Index (CPI) measures the change over time in the general price level of goods and services that households acquire for 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 Household Income and Expenditure Survey (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.

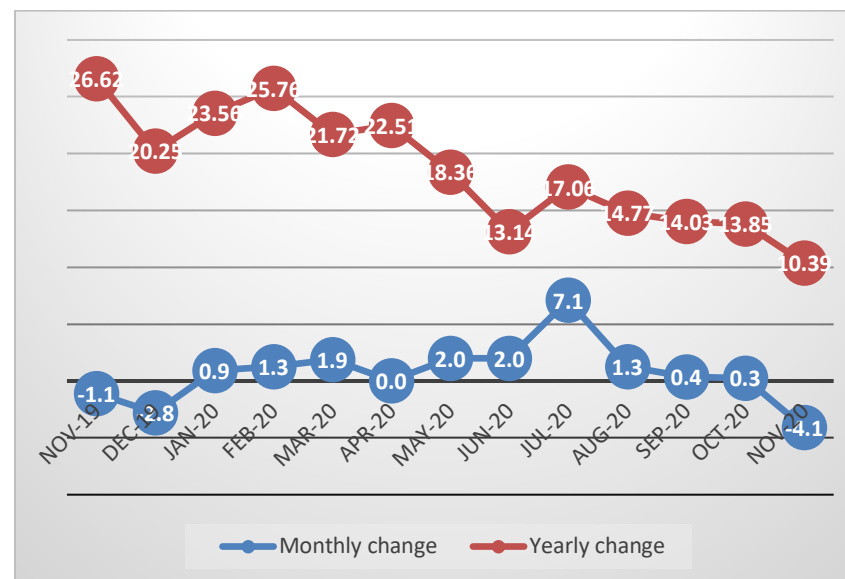
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Nov-19	493.32	-1.1	26.62
Dec-19	479.59	-2.8	20.22
Jan-20	484.18	0.9	23.56
Feb-20	490.40	1.3	25.76
Mar-20	499.61	1.9	21.72
Apr-20	499.86	0.1	22.51
May-20	509.88	2.0	18.36
Jun-20	520.13	2.0	13.14
Jul-20	557.02	0.0	17.06
Aug-20	564.15	1.3	14.77
Sept-20	566.35	0.4	14.03
Oct-20	567.89	0.3	13.85
Nov-20	544.59	-4.1	10.39

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November, 2020 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 10.39 Percent. This rate of inflation for November, 2020 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from November 2019 to November, 2020. The month recorded more than a 150 percent decrease from November 2019 to November 2020 (26.62 & 10.39 percent, respectively). The Month-on-Month Change for November, 2020 was -4.1 percent. Meanwhile, the Year-on-Year Inflation rate for October, 2020 was 13.85 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 functions are being used for Liberia’s CPI Compilation.

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



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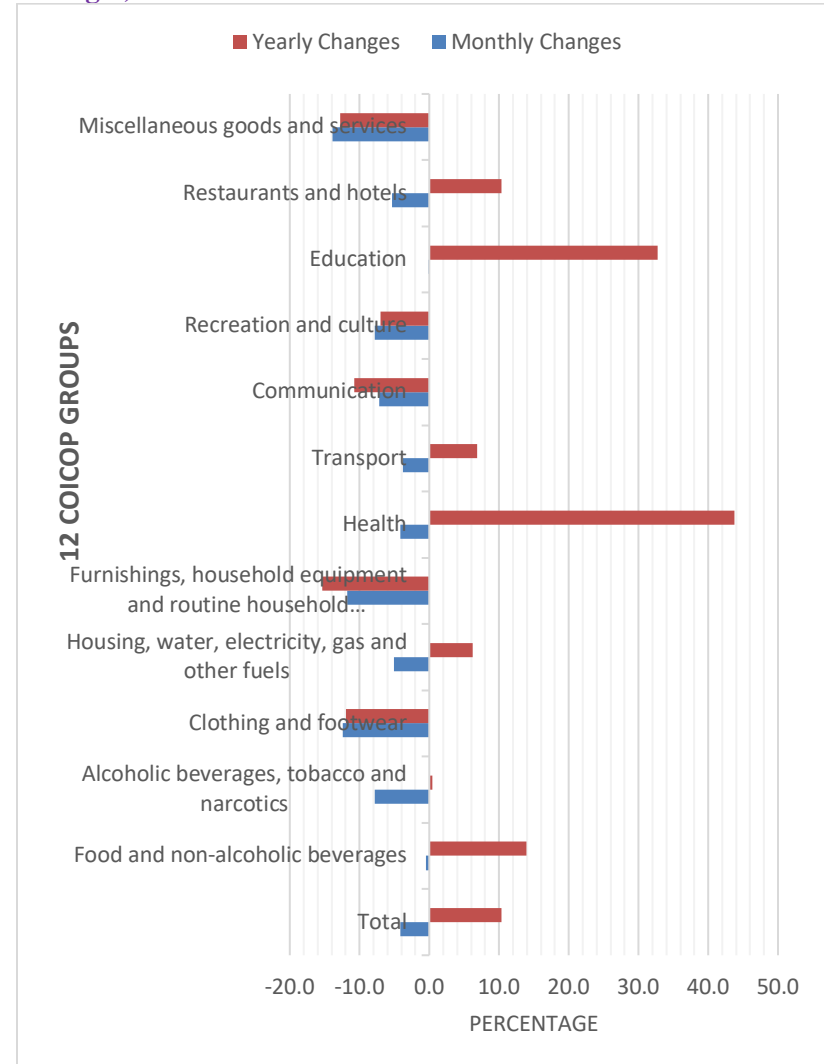
Food and Non-food Inflation for October, 2020

The Food and non-alcoholic beverages group recorded a Year-on-Year inflation rate of 13.96 percent for November, 0.89 percentage point lower than the 14.85 percent recorded for November, 2020. The Coffee, tea and cocoa subgroup registered the highest inflation rate (338.07%) for the month while Oils and fats registered the lowest (-1.84 %). Four subgroups out of the 11 recorded inflation rates higher than the group’s average rate of 13.96 percent. They are:

Meat 16.81 percent; Fish 34.35 percent; Vegetables 14.52 percent; Coffee, tea and cocoa 338.07 percent. The remaining seven subgroups each recorded an inflation rate lower than the group average. Of these seven subgroups, four: Bread and cereal, Oil and Fats, Fruit, and Sugar, jam, honey, chocolate and confectionery, recorded negative inflation rates: -0.24, -1.84, -0.04, and -1.24 respectively.

The Non-Food group recorded a Year-on-Year Inflation rate of 8.50 percent in November 2020, about 4.83 percent lower than the 13.33 percent recorded for October, 2020. Health recorded the highest inflation rate (43.77 percent) while Furnishing, household equipment and routine household maintenance recorded the lowest (-15.37 percent). The drivers for the non-food inflation for the month are: Clothing and footwear (-11.92), Furnishings, household equipment and routine household maintenance (-15.37), Communication (-10.75) and Miscellaneous goods and services (-12.75).

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



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Key factors Contributing to the slight deceleration of inflation for October, 2020

While consumers' demand since the COVID-19 Pandemic has been mostly skewed towards "essential goods/services", for November, the decline in the inflation rate be attributed to the sharp fall in the value of the United States Dollars. Due to the dual currency regime in Liberia, prices for major (big ticket) items within the CPI Basket are quoted in United States Dollars and later converted to Liberian Dollars to calculate the CPI. With the very sharp fall in the value of the United States Dollars in November, prices collected in this currency appear lower once converted to Liberia Dollars even though there is no significant month-on-month change in United States Dollar quoted prices. Additionally, as the festive season comes, nonfood items such as clothing and footwear as well as household furnishings are mostly discounted on sales – thus affecting these groups.

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 are being 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 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 October, 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)