



# Liberia Institute of Statistics & Geo-Information Services

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## NEWSLETTER LIBERIA CONSUMER PRICE INDEX (LCPI) JANUARY, 2021



### INFLATION RATE FOR THE MONTH OF JANUARY, 2021 WAS 12.92%

**Table 1: Consumer Price Index (CPI), January, 2020 to January, 2021**

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 January, 2005 (base year) to January 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 January 2005.

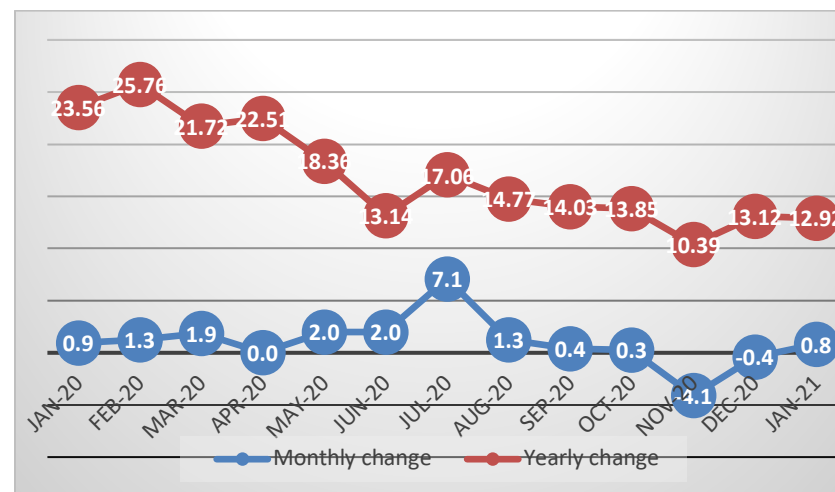
Year / Month	Index Dec 2005= 100	Change rate (%)	
		Monthly (m/m)	Yearly(y/y) Inflation
Jan-20	484.18	0.9	23.56
Feb-20	490.40	1.3	25.76
Mar-20	499.61	1.9	21.72
Apr-20	499.86	0.1	22.51
May-20	509.88	2.0	18.36
Jun-20	520.13	2.0	13.14
Jul-20	557.02	0.0	17.06
Aug-20	564.15	1.3	14.77
Sept-20	566.35	0.4	14.03
Oct-20	567.89	0.3	13.85
Nov-20	544.59	-4.1	10.39
Dec-20	542.66	-0.4	13.12
<b>Jan-2021</b>	<b>546.73</b>	<b>0.8</b>	<b>12.92</b>

LISGIS, 2021

## January, 2021 Rate of Inflation

The Year-on-Year Inflation Rate as measured by the CPI was 12.92 Percent. This rate of inflation for January, 2021 is the percentage change in the Consumer Price Index (CPI) over the twelve months, from January, 2020 to January, 2021. The month recorded about 45 percent decrease from January 2020 to January 2021 (23.56 to 12.92 percent, respectively). The Month-on-Month Change for January, 2020 was 0.8 percent. Meanwhile, the Year-on-Year Inflation rate for December, 2020 was 13.12 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), January, 2020 to January, 2021 - Monthly and Annual Changes in Time Series**



## LISGIS, 2021

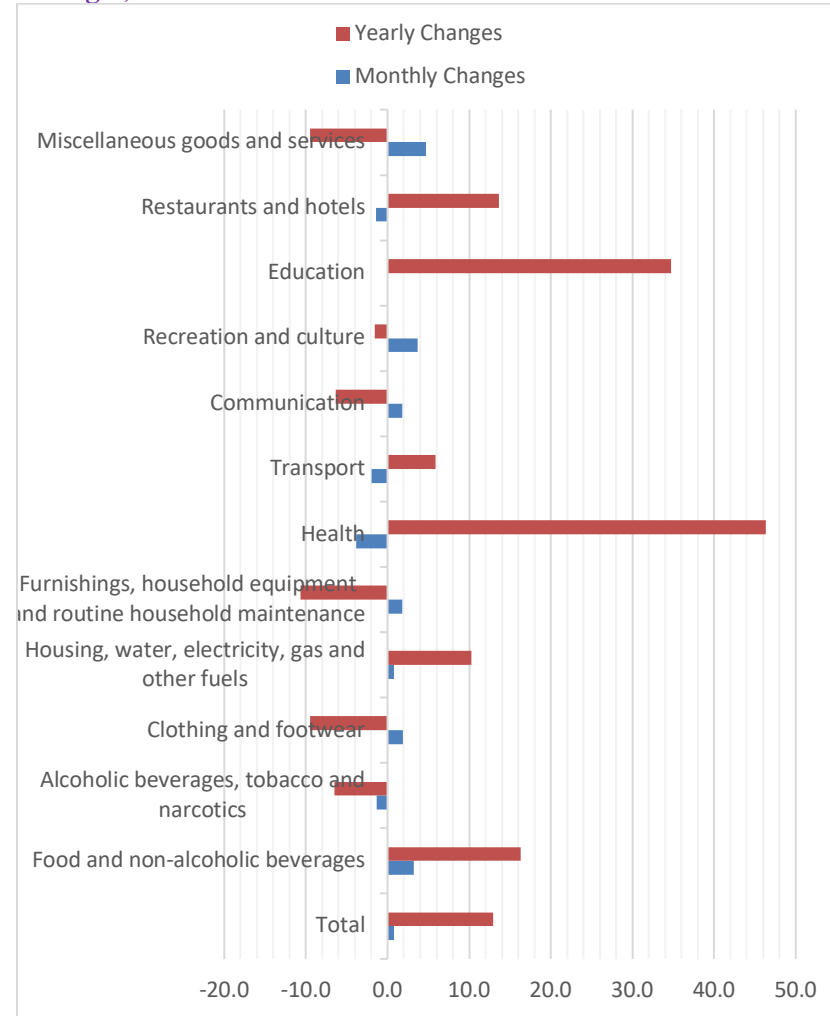
### Food and Non-food Inflation for January, 2021

The Food and non-alcoholic beverages division recorded a Year-on-Year inflation rate of 16.31 percent for January 2021, 0.57 percentage point higher than the 15.74 percent recorded for December, 2020. The Food group recorded an inflation rate of 7.6% while Non-alcoholic beverages recorded 156.8%. The Coffee, tea and cocoa subgroup registered the highest inflation rate (408.1%) for the month while Sugar, jam, honey, chocolate and confectionery registered the lowest (-11.5%). Only two Classes out of the 11

recorded inflation rates higher than the group’s average rate of 16.31 percent. They are: Fish 22.6 percent, Coffee, tea and cocoa 345.92 percent. The remaining nine Classes each recorded an inflation rate lower than the group average. Of these nine Classes, six: Bread and cereals (-3.0%), Milk, cheese and eggs (-8.8%), Oil and Fats (-1.4%), Sugar, jam, honey, chocolate and confectionery (-11.5%), Food products (-1.8%), and Mineral waters, soft drinks (-21.5%) recorded negative inflation rates.

**The Non-Food** recorded a Year-on-Year Inflation rate of 11.06 percent in January 2021, dropping by 0.66 percent. While Year-on-Year inflation has dropped significantly, Month-on-Month inflation for Non-Food has seen a slight decrease of -0.4 percentage points. Health, once again recorded the highest inflation rate (46.37 percent) while Furnishings, household equipment and routine household maintenance recorded the lowest (-10.65 percent). Only three of the 11 divisions of the Non-Food group recorded inflation rates higher than the group: Health (46.37%), Education (34.75%) and Restaurants and hotels (13.66%).

**Figure 2: Food and Nonfood Inflation Rate (%) by the 12 major COICOP Functions, January 2021 (Monthly and Annual Changes)**



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### **Key factors Contributing to the slight deceleration of inflation for January, 2021**

The decline in the Inflation Rate can be attributed to weak demand for nonessential items/commodities. Additionally, the Liberia Dollar has been gaining strength in recent time with a sharp fall in the value of the United States Dollars. Due to the dual currency regime in Liberia, the more the United States Dollars appreciates against the Liberia Dollars, the more prices tend to move upward when quoted in Liberia Dollars.

### **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 January 2021 CPI and more detailed data in Excel format have been posted on the LISGIS website [www.lisgis.net](http://www.lisgis.net). The target publication date of the monthly CPI newsletter is the 10<sup>th</sup> of each month for the previous month.

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