INTRODUCTION

The May 2019 48th edition of this bulletin analyzes price trends of key food and other essential commodities. More specifically it analyses the price trends for 50kg imported parboiled rice, 50kg empty bag full of cassava, for transportation from Paynesville to all markets surveyed, and for palm oil and charcoal. Gasoline prices are also reviewed. In addition, this edition examines the impact of rising inflation on prices of food staples and other non-food commodities.

GLOBAL RICE PRICE TRENDS

<table>
<thead>
<tr>
<th>FAO Rice Price Indexes</th>
<th>All</th>
<th>Higher quality</th>
<th>Lower quality</th>
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<tr>
<td></td>
<td>2002-2004 = 100</td>
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<td>2018</td>
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In May 2019, the FAO Food Price Index (FFPI) continued its upward for the 5th consecutive month. The average FFPI index recorded 172.4 points in May 2019, up 1.2 percent (2.1 points) from April but still 1.9 percent below its value compared to the same period last year. Stronger prices in the vegetable oil and diary sectors followed by cereals were responsible for the slight month-on-month increase in the value of the FFPI. The FAO All Rice Price Index moved within a narrow range of 221-223 points since the beginning of this year. The index averaged 222.0 points in May 2019, unchanged from a month earlier and confirming this general tendency. Across the major rice segments, the most significant price movements took place in the fragrant rice market last month. May export quotations of Indica rice were steady to weaker across much of Asia. In Thailand and Pakistan, prices took a downturn, as a slow pace of sales offset support provided by currency movements in both countries. In India (main source of rice on the Liberian market) and Viet Nam, quotations of white rice proved more resilient, stabilising around April levels, although the firmness did not extend to India’s parboiled market. May values of Indian IR36 5% parboiled rice declined by 3.7 percent to USD 368 per tonne, as a slow pace of sales to West Africa was compounded by prospects of even lower shipments to Bangladesh following import duty hikes in that country. According to the Index, international rice prices in the first five months of 2019 were 2.3 percent below their levels in the corresponding period of 2018.
WHOLESALE PRICE OF IMPORTED RICE

The retail price for a 50kg bag of imported parboiled rice 5% broken grain in May 2019 averaged LD$5,865, up 30 percent compared to last year. Annual price comparisons showed increase in the price of rice in all markets monitored with Fish Town, Cestos City, Ganta, Saclepea, Greenville and Kakata markets recording the biggest increases of 56%, 38%, 38%, 37%, 36% and 35% respectively. According to traders interviewed, the continued devaluation of the Liberia dollar against the United States dollars is the main driver responsible for increasing rice prices across the country. Most traders sell in Liberian dollars but usually purchase in US dollars which is a serious challenge simply because they have to buy the US dollars at a higher rate to enable them replenish their stocks. Additionally, price differentials witness in far-off markets especially in southeastern Liberia is associated with seasonal factors (increase in demand for imported rice as most farming households have exhausted food stocks from previous harvest. For example, consumers in Fish Town spend LD$2,620.00 (US$15.00) more for a 50kg bag of imported rice than consumers in Monrovia.

Meanwhile, the new farming season have started with rice planting currently taking place in most parts of the country. Forecast from the Liberia Hydrological Services (LHS) indicates favourable weather conditions which favors the production of rice, cassava, maize and vegetables.

In general, the food situation across the country is expected to be good with adequate commercial stocks in-country. According to the Ministry of Commerce and Industry (MCI), current commercial stocks in-country stands at 91,744.85 MT which is expected to last until August 11, 2019. Notwithstanding, current domestic factors (high food inflation coupled with currency depreciations) could constrain households’ food access especially among the rural poor.

PRICES OF OTHER COMMODITIES

In May, the price for a full 50kg bag of cassava averaged LD$1135, (33 percent) more than what it was sold for in May 2018. The price for cassava was reported to be lower or higher in most markets monitored across the country. According to Figure 3, the most dramatic price increase was witnessed in Ganta and Greenville markets (147%) in Nimba and Sinoe counties but also peaked in Saclepea (144%) and Cestos City (137%). Cassava prices were also reportedly high in Foya (90%), Voinjama (78%) and Zwedru (76%). The cheapest market to purchase cassava is Fish Town in River Gee county. The increase in cassava prices is mainly associated with the local currency depreciations. Farmers tend to sell their products relative to the price of other commodities found in the markets. In addition, most poor households use cassava as a substitute to bridge their food gaps.

Kakata markets (50 percent), see Figure 4. Palm oil traders interviewed during market visits attributed the price increase to the prevailing exchange rate—depreciating Liberian Dollar against the US Dollar as well as the increase in transportation costs which is mostly due to the poor condition of farm to market roads. Important to note is the huge domestic demand in addition to regular cross-border flows to neighboring Guinea and Sierra Leone. According to traders interviewed in Foya market, approximately 11,340 litres of palm oil or more is sold to traders from Guinea on market days. Similarly, about 90,000 litres of palm oil cross over from Ganta market in Nimba County into neighboring Guinea.

Additionally, as the peak season of palm oil reaches to an end in June, most traders tend to buy more of the commodity and keep it to sell later when price is higher. Palm oil prices may continue its upward trend into the third quarter of the year partly because of the local currency devaluation and peak of the rainy season when production is low.
Majority of the people residing in Tubmanburg, Gbarma and Bo Waterside rely on charcoal production as means of livelihood. Figure 5 shows that current prices of charcoal increased in almost all markets compared to last year. The average price for a bag of charcoal currently stands at LD$410 (25 percent) higher than what it was sold for in the past one year. Like other commodities, the increase in charcoal prices is a reflection of the prevailing exchange rate—depreciating local currency against the US dollars. Charcoal prices may likely continue going up due to the latter coupled with growing demand in urban areas. Gbarma market in Gbarpolu county remains the cheapest place to purchase charcoal.

The average price for a gallon of gasoline is LD$685, up 28 percent compared to a year ago. According to Figure 6, all Liberian markets recorded increase in the price of gasoline. Local currency depreciation is reportedly responsible for the increase in the price of gasoline which explains the current trend. The official retail pump price for a gallon of gasoline currently stands at LD$595 (US$3.30) while fuel oil (AGO) is LD$665 (US$3.70). Comparative price analysis of petroleum products in selected countries in the sub region indicates that the prices of petroleum products in Liberia are among the lowest in the sub region with Guinea at US$3.94, Ivory Coast US$4.01, Sierra Leone US$3.60 and Ghana US$4.16 per gallon.
TERMS OF TRADE (TOT)

<table>
<thead>
<tr>
<th>Market</th>
<th>May 18</th>
<th>May 19</th>
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<tbody>
<tr>
<td>Bahn</td>
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<tr>
<td>Barclayville</td>
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<tr>
<td>Bo waterside</td>
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<td>2.8</td>
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<tr>
<td>Booolu</td>
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<tr>
<td>Buchanan</td>
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<tr>
<td>Castos City</td>
<td>3.9</td>
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<tr>
<td>Dualla</td>
<td>4.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Fish Town</td>
<td>2.2</td>
<td>1.5</td>
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<tr>
<td>Ganta</td>
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<td>2.5</td>
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<tr>
<td>Gbanga</td>
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<tr>
<td>Greenville</td>
<td>4.4</td>
<td>3.5</td>
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<tr>
<td>Harper</td>
<td>3.8</td>
<td>2.9</td>
</tr>
<tr>
<td>Kakata</td>
<td>3.8</td>
<td>4.3</td>
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<tr>
<td>Pleebro</td>
<td>3.9</td>
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<tr>
<td>Red Light</td>
<td>1.3</td>
<td>1.0</td>
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<tr>
<td>Saclepea</td>
<td>2.9</td>
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<tr>
<td>Toe Town</td>
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<tr>
<td>Tubmanburg</td>
<td>3.9</td>
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<tr>
<td>Voinjame</td>
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<tr>
<td>Zwedru</td>
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Main Activity

- Agriculture
- Construction

The terms of trade (TOT) reported here reflect the amount of rice in kilograms that smallholder oil palm producers may purchase in exchange for a gallon of palm oil. Figure 9 shows mixed reactions for terms of trade for palm oil producers across the country. Palm oil producers in Barclayville, Bo-waterside, Fish Town and Harper experienced unfavorable terms of trade slightly. According to figure 9, palm oil producers/sellers in Fish Town are obtaining 2.2 kilograms of rice less than the past one year from sale of a gallon of palm oil. A similar situation was also observed in Barclayville (1.7 grams), Bo-waterside (1.5 grams) and Harper (1.3 grams). The decline in terms of trade in these areas will weaken palm oil producing households and sellers purchasing power, thus constraining their food access.

CONCLUSION AND OUTLOOK

In comparison to last year, the prices of imported parboiled rice, cassava, palm oil and pepper, charcoal and gasoline have increased in all markets monitored across the country due to the poor economy and high food inflation. Liberia is currently facing a serious price shock, a situation which may adversely impact the food security of vulnerable households, especially the poor. According to the Central Bank of Liberia 2018 Annual Report, the inflation rate jumped to 23.4 percent at the end of December 2018 from 15.4 percent in January 2018. The inflation is mainly driven by currency depreciation. The Liberian dollars (LRD) has lost approximately 80 percent of its value in one year, leading to additional pressure on prices of main staples and other basic commodities.

It is also important to note that the continued depreciation in the local currency against the US dollars since the beginning of last year could offset the global rice price trends (lower prices in main sources of imported rice in Liberia) effect on the domestic markets. With Liberia as a net importer of food, currency devaluation normally leads to higher import parity price in comparison to domestic prices. This is very critical considering the already high food inflation and poor performance of the country’s economy. These factors could seriously impact on the food access of both the urban and rural poor.

In general, food availability across the country is expected to be good with adequate commercial imported rice stocks in-country.

With the prevailing currency depreciation and double digit high food inflation, the Ministry of Agriculture and partners will continue to closely monitor food prices in the country.