

LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

Price Bulletin Date September 2019

Volume 50 Issue August 2019

KEY POINTS

- ◆ Prices of imported rice in Liberia increased again due to seasonal high demand and high food inflation;
- ◆ Increasing fuel prices and depreciation of the domestic currency against the United States dollars is resulting to higher prices for staples and other commodities;
- ◆ Terms of trade in general shifted against both agricultural workers and palm oil producing households
- ◆ Liberia still continue to face a serious price shock

INTRODUCTION

The August 2019 50th 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

FAO Rice Price Indices						
	All	Indica		Japonica	Aromatic	
		Higher quality	Lower quality			
	2002-2004 = 100					
2015	211	184	184	263	176	
2016	194	180	187	228	153	
2017	206	183	195	232	204	
2018	224	201	208	256	216	
2018	224	199	203	258	218	
	August	222	197	200	259	213
	September	216	197	200	247	204
	October	215	194	199	244	207
2019	November	216	192	197	249	209
	December	223	192	196	269	211
	January	221	189	192	266	211
	February	222	189	194	267	211
	March	222	191	195	265	217
	April	222	190	195	264	219
	May	224	190	192	267	223
	June	224	190	194	267	224
	July	227	193	195	267	232
	August					
2018 Jan.-Aug.	228	204	213	259	221	
2019 Jan.-Aug.	223	191	194	266	219	
% Chg.	-2.1	-6.4	-8.8	3.0	-0.9	

Source: FAO

Global food prices decline in August, driven by sharp falls in the prices of staple cereals and sugar, according to report from FAO. The FAO Food Price Index (FFPI) which tracks monthly changes in the international prices of commonly traded food commodities, averaged 169.8 points in August 2019, down 1.1 percent from July while still up by 1.1 percent from its August 2018 levels. By contrast, the rice price index averaged 226.6 points in August 2019, up 1.1 percent from a revised value of 224.1 points for July 2019. Across the major market segments, the most pronounced price increase took place in the fragrant market during August, lifting the Aromatic sub-index by 3.8 month-on-month to its highest since October 2014. Prices of higher and lower quality Indica rice also edge up by about 1 percent, each, while Japonica quotations levelled off.

Even though fresh demand remained limited during August, export quotations strengthened in most Asian origins and segments, reflecting thinning availabilities ahead of major crop harvests. In Thailand, the seasonal tightness was exacerbated by concerns over the impact of rainfall shortfalls on 2019 crops. Although the firmness affected most Thai qualities, it was especially evident in the Thai glutinous market, where August prices of 10% glutinous rice surged 34 percent over July levels to a high of USD 1 424 per tonne. A Rupee recovery also contributed to gains in Pakistan, as did efforts to fast-track deliveries to the Philippines in Viet Nam, given fears of potential import restrictions being applied in the Philippines during the country's harvest months. The undertone was also firmer in the United States' long-grain market even as the 2019 harvest got underway, with sentiment buoyed by previous sales to Iraq and other regular buyers. Despite August's increase, according to the Index, international rice prices in the first eight months of 2019 were 2.1 percent below their value in the corresponding period of 2018. (<http://www.fao.org/worldfoodsituation/foodpricesindex/en/>)



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WHOLESALE PRICE OF IMPORTED RICE

Table 1: Price trends for 50kg bag of Imported Rice 5% broken in Liberian Dollars (May, June, July and August 2019)

County	Market	Aug-18	May-19	Jun-19	Jul-19	Aug-19	% change 1M	% change 1Y
Nimba	Bahn		5550	5850	6000	6230		
Grand Kru	Barclayville	6550	6867	7040	7132	7375	3%	13%
Grand Cape Mount	Bo Waterside	4700	5500	5600	5695	5900	4%	26%
Gbarpolu	Bopolu	4700	5420	5800	5775	6000	4%	28%
Grand Bassa	Buchanan	4250	5400	5600	6090	6400	5%	51%
Rivercess	Cestos City	4780	6367	6767	6658	6817	2%	43%
Montserrado	Duala	4000	5200	5203	5496	5675	3%	42%
River Gee	Fish Town	7000	7800	6300	6200	8100	31%	16%
Lofa	Foya	5250	5967	6150	6400			
Nimba	Ganta	4600	5500	5585	5700	5750	1%	25%
Gbarpolu	Gbarma	4700	5650	6215	6000	6200	3%	32%
Bong	Gbarnga	4700	5300	5675	5700	5792	2%	23%
Sinoe	Greenville	5000	6400	6517	6800	6750	-1%	35%
Maryland	Harper	6025	6517	6615	6645	6830	3%	13%
Margibi	Kakata	4454	5285	5507	5584	5801	4%	30%
Maryland	Pleebo	6000	6260	6490	6640	6810	3%	14%
Montserrado	Red Light	4000	5183	5400	5500	5600	2%	40%
Nimba	Saclepea	4650	5600	5850	5975	6117	2%	32%
Grand Gedeh	Toe Town	4950	6000	6433	6600	7500	14%	52%
Bomi	Tubmanburg	4625	5383	5083	5650	5788	2%	25%
Lofa	Voinjama	5102	5627	5867	6092	6433	6%	26%
River Gee	Webbo Konowroken			7350	7000	8200	17%	
Grand Gedeh	Zwedru	4950	5875	6183	6400	7550	18%	53%

In August 2019, retail prices of imported Indian parboiled rice 5% broken were higher in all domestic markets compared to a year ago. Across the board, prices have increased between 13 and 53 percent (mean increment of 31 percent) above the August 2018 prices. Toe Town and Zwedru markets in Grand Gedeh County reported the most dramatic price increases over the period, an observation attributed to the deplorable road condition,

high food inflation due to the continued local currency depreciation as well as the peak of the hunger season which coincides with a period marked by exhaustion of local rice stocks. The poor households are more vulnerable during this particular period and will have to rely on the usual coping strategies (casual labour, wood sales, collection of wild foods and reduced consumption).

Rural markets continue to report relatively higher prices compare to markets around Monrovia, the main port of entry. There are reports that imported rice cannot be found in Foya market, Lofa County (see Table 1) due to the terrible state of the roads hindering trade flows of main staple, rice, other food items and basic commodities. Fish Town, Webbo Konowroken, Zwedru, Toe Town and Barclayville markets in southeastern Liberia remain the most expensive markets for buying imported rice.

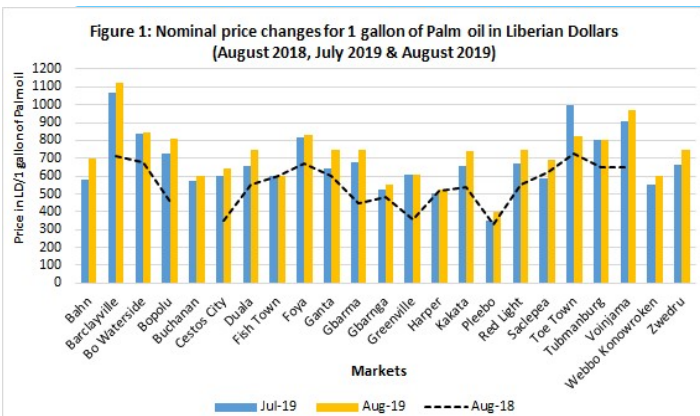
For instance, in August, price differentials between Monrovia, main port of entry for imports, and Webbo Konowroken was 46% (meaning buyers in Webbo Konowroken pay 2,600 LD more than a consumer in Monrovia) for a 50kg bag of imported rice. For Fish Town, a 50kg bag of rice was purchased at 45% higher than Monrovia. Though rice prices are higher than last year, domestic markets are still well supplied with imported rice mainly from India.

PRICES OF OTHER COMMODITIES

The average retail price for a 50kg bag full of cassava in August 2019 was 1,330 LD, an increase of 8% percent higher compared to levels last month. Cassava prices varied across the different markets in the country (see Table 2). Cassava is Liberia's second main staple and is consumed during the lean season as a substitute to rice and to bridge food shortfalls, especially among the rural poor. Bo-Waterside market, through which cassava products are imported from Sierra Leone into Liberia, continue to show unexpected price increases for the reporting period—a situation likely associated with the high food inflation and continued devaluation in the local currency. Price of cassava was most expensive in Bopolu and Gbarma markets followed by Kakata, Buchanan and Ganta markets. The high costs in Bopolu and Gbarma can be attributed to the higher than usual transportation costs as a result of the rise in gasoline prices and growing demand in urban centers.

Table 2: Nominal price changes for a 50kg baf of cassava in Liberian Dollars (August 2018 and August 2019)

County	Market	Aug-18	Jul-19	Aug-19	% change 1M
Nimba	Bahn		1583	1592	1%
Grand Kru	Barclayville	500	588	1217	107%
Grand Cape Mount	Bo Waterside	1383	1098	1567	43%
Gbarpolu	Bopolu		2000	2000	0%
Grand Bassa	Buchanan		1983	1750	-12%
Rivercess	Cestos City		925	808	-13%
Montserrado	Duala		1400	1600	14%
River Gee	Fish Town	300	300	300	0%
Lofa	Foya	625	1142	942	-18%
Nimba	Ganta		1583	1717	8%
Gbarpolu	Gbarma		1078	2000	86%
Sinoe	Greenville	850	1350	1217	-10%
Margibi	Kakata	1483	1825	1917	5%
Maryland	Pleebo		975	950	-3%
Montserrado	Red Light		1401	1600	14%
Nimba	Saclepea		1458	1625	11%
Grand Gedeh	Toe Town		1000	950	-5%
Lofa	Voinjama	575	1392	1225	-12%
River Gee	Webbo Konowroken		275	350	27%
Grand Gedeh	Zwedru		1200	1225	2%



Palm is a major source of income for smallholder farmers and also a common ingredient in most food recipes in Liberia. Generally, prices of palm oil in all markets are higher compared to last year. Apart from the seasonal tightness in production during the rainy

period, transportation costs (49%). Supplies remain limited in markets associated with surging major producing areas (Lofa, fuel and gasoline prices and high Nimba and Bong counties) during regional demand by Guinean the peak of the rainy season, as traders as well as the depreciating rains disrupt palm cutting, lowering local currency is currently exerting production. Most traders tend to upward pressure on prices. purchase palm oil in huge volumes during the surplus period (March to May) and later sell at a higher price when the commodity is in demand. The average price for a gallon of palm oil in August 2019 stood at LD\$720, an increase of 6% compared to levels in July and 26% higher than what is was sold for the same period last year. Cestos City market in Rivercess County domestic demand, huge cross witnessed significant increase border flows to neighboring Guinea (83%) followed by Bopolu (79%), and high food inflation due to the Gbarma and Greenville (69%), continued depreciation in the local currency.

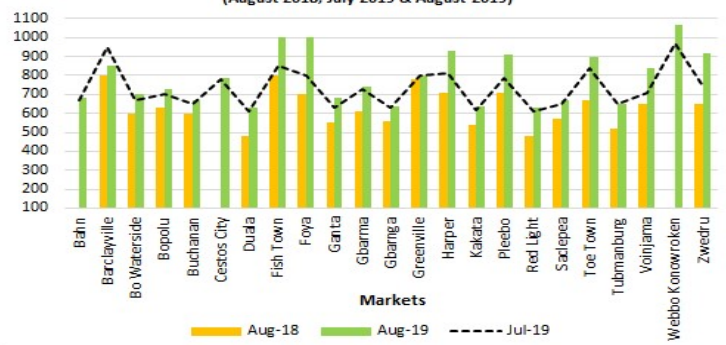
PRICES OF OTHER COMMODITIES

Table 3: Nominal Price changes for a 50kg bag of Charcoal in Liberian Dollars (August 2018 - August 2019)

County	Market	Aug-18	Jul-19	Aug-19	% change 1M	% change 1Y
Nimba	Bahn		300	320	7%	
Grand Kru	Barclayville	500	630	650	3%	30%
Grand Cape Mount	Bo Waterside	250	350	360	3%	44%
Gbarpolu	Bopolu	250	350	350	0%	40%
Grand Bassa	Buchanan		525	550	5%	
Rivercess	Cestos City		430	500	16%	
Montserrado	Duala		500	550	10%	
River Gee	Fish Town	500	500	600	20%	20%
Lofa	Foya	370	440	520	18%	41%
Nimba	Ganta		360	390	8%	
Gbarpolu	Gbarma	250	260	275	6%	10%
Bong	Gbarnga	350	390	425	9%	21%
Sinoe	Greenville	410	515	515	0%	26%
Maryland	Harper	380	500	520	4%	37%
Margibi	Kakata	295	350	360	3%	22%
Maryland	Pleebo	350	470	480	2%	37%
Montserrado	Red Light		510	550	8%	
Nimba	Saclepea		280	290	4%	
Grand Gedeh	Toe Town		350	375	7%	
Bomi	Tubmanburg		350	340	-3%	
Lofa	Voinjama	430	360	410	14%	-5%
Grand Gedeh	Zwedru		450	450	0%	

Charcoal is produced in most of rural Liberia as a complimentary source of income for households. The majority of the people residing in Tubmanburg and Bo-waterside depend considerably on charcoal production as a means of livelihood. Table 3 shows that current prices of charcoal are higher in all markets across Liberia compared to the previous year with the exception of Voinjama market in Lofa County. The poor supply of charcoal to markets could explain this observation. Further more, seasonal factors such as heavy rainfall which reduces production levels, increasing demand for the product and difficulties of transportation due to high fuel prices and deplorable road condition are responsible for the charcoal price increases.

Figure 2: Nominal Price changes for 1 gallon of Gasoline in Liberian Dollars (August 2018, July 2019 & August 2019)



Domestic fuel prices have also risen sharply between 6—43 percent in the last one year, an observation due to the melt down in the local economy (high inflation resulting to depreciating local currency against the US dollars). The rise in gasoline prices is leading to consequent increases in transport costs and continues to push up domestic prices of food and other commodities, creating a further decline in access to food and other essential commodities. As reported in previous publications, Figure 2 shows that gasoline is considerably more expensive in Webbo Konowroken, Fish Town, Foya, Harper, Zwedru, Pleebo and Toe Town markets as compared to other areas, mainly due to transport costs. Gasoline prices may likely increase in the coming months if high inflation continues, this could further constrain poor households food access.

PRICES OF OTHER COMMODITIES

Figure 3: Nominal Price changes for Fresh Pepper (1 Era Paint Bucket) in Liberian Dollars (July 2019 and August 2019)

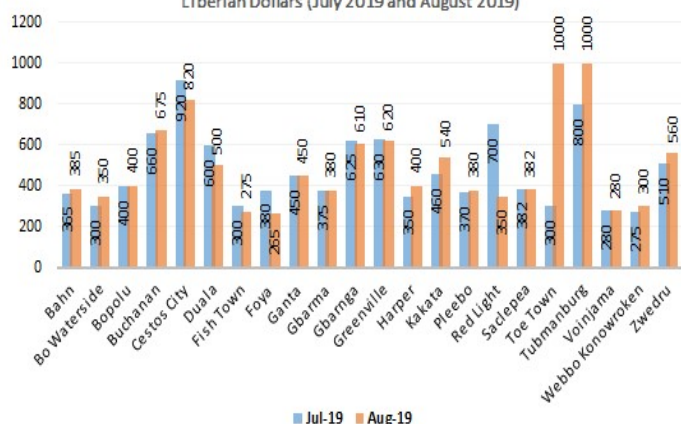
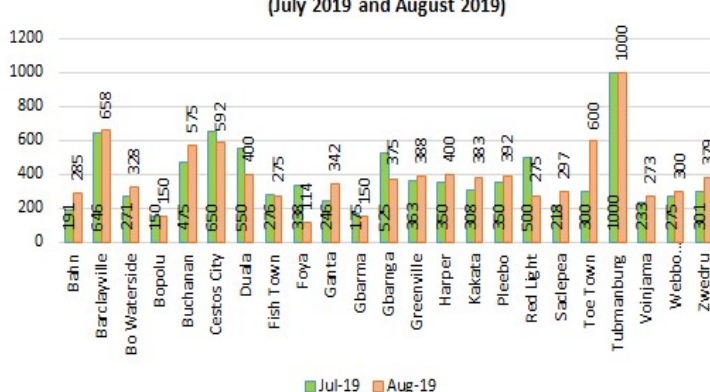


Figure 4: Nominal Price changes for Bitterball in Liberian Dollars (July 2019 and August 2019)



TRANSPORTATION CORNER

From Market to Capital Monrovia

County	Market	Taxi (\$LD)		Bus (\$LD)		Pickup (\$LD)		Cam Motor (\$LD)		Truck (\$LD)	
		Jul-19	Aug-19	Jul-19	Aug-19	Jul-19	Aug-19	Jul-19	Aug-19	Jul-19	Aug-19
Bomi	Tubmanburg	350	350	325	325			300	300		
Bong	Gbarnga	800	800	550	550	475	450				
Gbarpolu	Bopolu	1100	1200			1000	1100			950	
Gbarpolu	Gbarma	825	900			700	800				
Grand Bassa	Buchanan	600	600			450	450				
Grand Cape Mount	Bo Waterside	700	700	500	500	500	500				
Grand Gedeh	Toe Town	4500	4500	4000	4500	4000	4750				
Grand Gedeh	Zwedru	4250	6000	3750	5500	3500	5750				
Grand Kru	Barclayville			12750	13500	11250	12500				
Lofa	Foya	4250		3750		3750					
Lofa	Voinjama	3250		2750		2750	4000				
Margibi	Kakata	225	250	200							
Maryland	Harper			7250	7750						
Maryland	Pleebo	7500	8000	6500	6750	5500	5500				
Montserrado	Duala	80	80	45	40						
Montserrado	Red Light	150	150	75	80						
Nimba	Bahn	1650	1600	1475	1425	1000	1000				
Nimba	Ganta	1000	1200	700	800	700	850				
Nimba	Saclepea	1400	1450	1250	1200	1400	1400				
River Gee	Fish Town	5500		5290		4900	8250		6500	4500	5000
River Gee	Webbo Konowroken	9500		8800		7850	10750	7800	9000		
Rivercess	Cestos City	4000	4250	3500	3750		3150	3000			
Sinoe	Greenville	4250	4000	3500		2000	3500				2000

TERMS OF TRADE (TOT)

Table 4: Terms of Trade between daily wage and imported rice

County	Market	Kg rice in 2018	Kg rice in 2019	Main Activity
Nimba	Bahn		2.6	Agriculture
Grand Kru	Barclayville	4.6	4.1	↓ Agriculture
Grand Cape Mount	Bo Waterside	2.7	2.8	↑ Agriculture
Gbarpolu	Bopolu	2.9	2.9	Agriculture
Grand Bassa	Buchanan		6.4	Construction
Rivercess	Cestos City		4.4	Construction
Montserrado	Duala		13.2	Construction
River Gee	Fish Town	3.0	3.0	Agriculture
Lofa	Foya	1.7		Agriculture
Nimba	Ganta		2.8	Agriculture
Gbarpolu	Gbarma	2.9	2.2	↓ Agriculture
Bong	Gbarnga	1.9	1.6	↓ Agriculture
Sinoe	Greenville	4.0	3.0	↓ Agriculture
Maryland	Harper	3.1	2.7	↓ Agriculture
Margibi	Kakata	3.4	3.1	↓ Agriculture
Maryland	Pleebo	3.1	2.8	↓ Agriculture
Montserrado	Red Light		13.4	Construction
Nimba	Saclepea		2.2	Agriculture
Grand Gedeh	Toe Town		3.0	Agriculture
Bomi	Tubmanburg		3.2	Agriculture
Lofa	Voinjama	1.7	2.3	↑ Agriculture
Grand Gedeh	Zwedru		5.0	Agriculture

For majority of the rural households, daily wage rate is derived from agricultural activities (or charcoal production in the case of Tubmanburg) while urban areas in Monrovia and Buchanan depend on construction as the dominant source of casual work as presented in Table 4. The Terms of Trade (TOT) reported here is the amount of rice in kilogram that households may purchase in exchange for earnings from their daily work either in construction sites (Red Light and Buchanan Markets), agricultural labour was also computed. In general, TOT was unfavorable between 2018 and 2019 in most markets with exception of few areas. Since the year 2018, Gbarnga, Gbarma, Greenville, Harper, Kakata and Pleebo compared to other markets is however experiencing declining TOT for the labourers. The decline for ToT across the country could be associated with the increasing rice prices against stable or low wage rates.

Table 5: Terms of Trade between daily wage and palm oil

County	Market	Kg rice in 2018	Kg rice in 2019
Nimba	Bahn		5.5
Grand Kru	Barclayville	5.4	7.6
Grand Cape Mount	Bo Waterside	7.2	7.1
Gbarpolu	Bopolu	4.8	6.7
Grand Bassa	Buchanan		4.7
Rivercess	Cestos City		4.7
Montserrado	Duala		6.6
River Gee	Fish Town	4.3	3.8
Lofa	Foya	6.4	
Nimba	Ganta		6.5
Gbarpolu	Gbarma	4.7	6.0
Bong	Gbarnga	5.1	4.7
Sinoe	Greenville	3.6	4.5
Maryland	Harper	4.3	3.8
Margibi	Kakata	6.0	6.4
Maryland	Pleebo	2.7	2.9
Montserrado	Red Light		6.7
Nimba	Saclepea		5.6
Grand Gedeh	Toe Town		5.5
Bomi	Tubmanburg		6.9
Lofa	Voinjama	6.4	7.6
River Gee	Webbo Konowroken		3.7
Grand Gedeh	Zwedru		5.0

Table 5 shows the quantity of imported parboiled rice (in kg) that can be purchased in each market by selling one gallon of palm oil, an income source for producer households in most rural markets. Prices of palm oil either remain stable or improved, which indicates palm oil producers experienced improving terms of trade in the period. Terms of trade in Bo waterside, Fish Town, Gbarnga, Greenville, Harper, Tubmanburg and Zwedru markets declined compared to other markets during the same period a year ago. For example, palm oil producing households in Barclayville, Bopolu, Gbarma and Voinjama are getting 2.2, 1.9, 1.3, and 1.1 kilograms of rice less compared to the same period last year. The decline in terms of trade can be attributed to increasing rice prices and consequent stable to lower wage rates. This will further weaken purchasing power and constrain households' food access.

CONCLUSION AND OUTLOOK

Around this time of the year, local rice is less available on the domestic markets as farming households' food stocks have been depleted, thus demand for imported rice may have likely increased—especially in markets like Voinjama and Foya in Lofa county where households increasingly rely on the purchase of local rice. Additionally, the reporting period, also coincides with peak of the hunger season as a result of the declining availability of food stocks at household's levels. On the other hand, prices continue to increase in the domestic markets despite the decline in global food prices and stable international rice prices. The main driver responsible for soaring food prices is the current high inflation due to local currency depreciations. This observation is exerting upward pressure on prices of food and other essential commodities, and could consequently lead to an adverse impact on the precarious food security situation in the country.

Since early 2018, Liberia has experience double digits inflation. With reports of increasing high food inflation coupled with seasonal factors (deplorable state of the roads and high transportation costs), it is critical for strengthening monitoring of domestic food prices as continued depreciation in the local currency could have serious repercussions on food prices and other commodities. Such an outcome may further affect the cost of the food basket, which has remained significantly high since inflation reached double digits. However, periodic local rice harvests expected to begin in October could lessen the reliance of rural households on markets. Meanwhile, poor households in Liberia will continue to heavily rely on external support to meet their food needs.

The government of Liberia through Ministry of Agriculture and the Liberia Institute of Statistics and Geo-Information Services (LISGIS) in collaboration with her partners will continue to closely monitor food prices in the country.