

Market Monitoring Bulletin

Key points

In July 2023,

- Price of imported rice in Liberia increased again for the 3rd consecutive month.
- The renewed upsurge in global rice prices could further impact the precarious food security situation in Liberia.
- Local currency depreciations put additional pressure on staple food and basic commodities.
- Inflation rate in Liberia hit double digits in June 2023 (12.4 points) with the vegetable group registering the highest inflation of 33.4%.
- The deplorable state of the roads is contributing to price increases especially in south-eastern Liberia
- Terms of trade improved in 2023 as compared to the same period in 2022, mainly benefitting palm oil producers and casual laborers

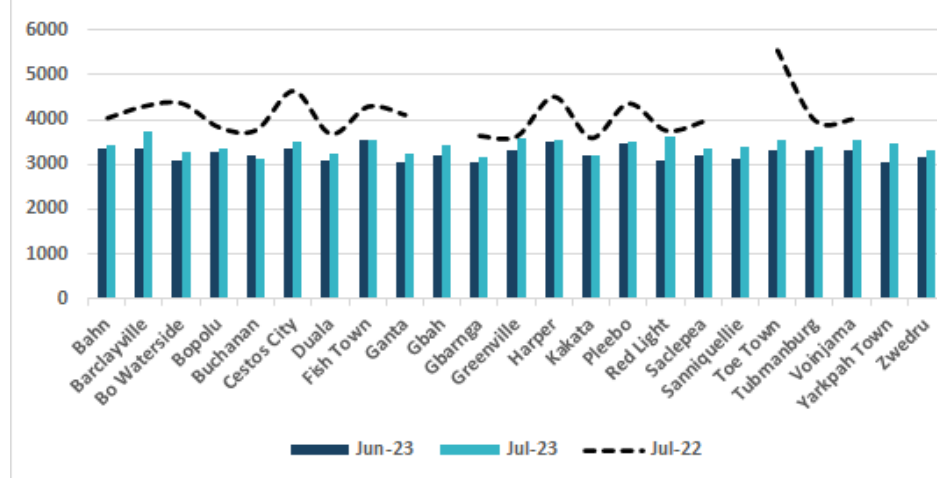


Food Prices

Imported Rice 5% Broken

The retail prices of imported parboiled rice (5%B) declined in all markets in July 2023 across the country compared to price levels in July 2022 but higher when compared to June 2023 imported rice prices. The unusual increase in 2022 occurred in a context of serious rice shortage in the second half of 2022 due to import constraints and market uncertainties. On average, the price of a 25kg bag of imported parboiled rice (5%B) is 5% higher than a month ago. Red Light market in Monrovia and Barclayville market as well as Yarkpah's Town market recorded a month-on-month price increase of more than 10%. Inflationary pressures coupled with the continued local currency depreciations as well as seasonal factors (deplorable roads due to heavy rains) are largely responsible for the increase in imported rice prices. Generally, imported rice is available in all markets within the country with the exception of Foya, Lofa county where substantial amounts of local rice has replaced the imported varieties. However—in-country distribution remains a challenge and the remote areas may still find it difficult to access the available rice—mainly due to poor transportation networks in addition to the low purchasing power of vulnerable households.

Figure 1: Nominal Price Changes of Imported Rice 5% Broken (LRD/25Kg) July 2022, June 2023 and July 2023



Palm Oil

Prices of palm oil rose in most markets during the past one year. Price increases were notable in border markets which can be attributed to regional demand which has been rising since 2010. A cross border trade and food security study conducted in 2010 reported that about 54,000 litres of palm oil is purchased by Guinean traders weekly during the marketing season.

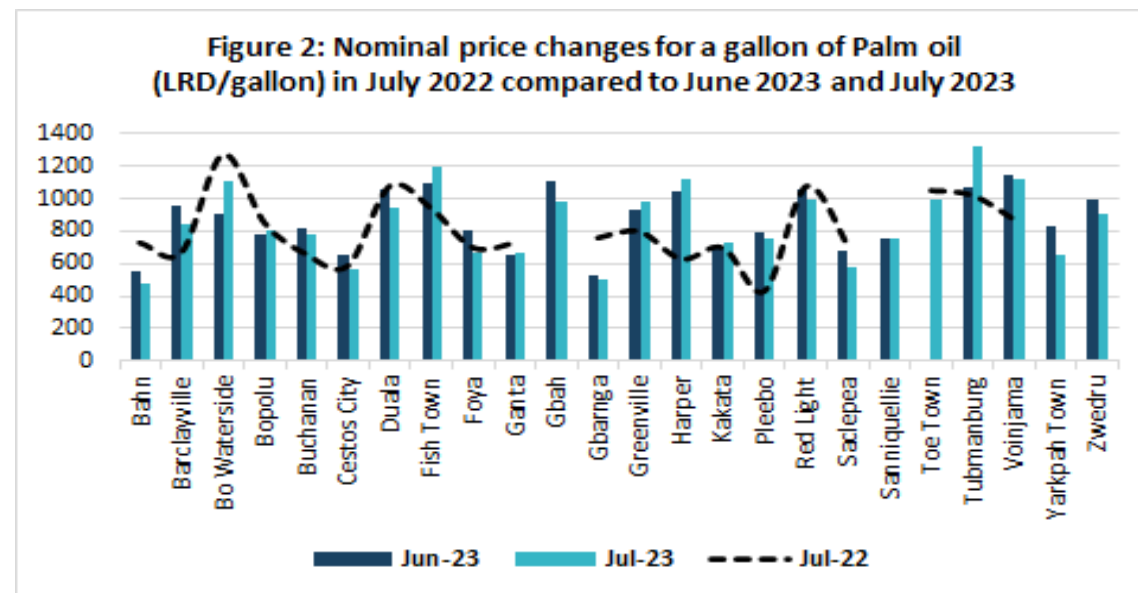
The month of July also witnessed limited production of palm oil in major producing areas (Lofa, Nimba and Bong counties), as ongoing rains disrupted palm cutting thereby affecting production. Palm oil prices are lower during the dry season, in particular from March to May when the market is flooded with palm nuts but significantly higher during the rainy seasons June to October (Liberia Market Review 2017).

Palm oil is a major source of income for smallholder farmers and also the main source of dietary fat in Liberia. Liberia ranks second in the consumption of crude palm oil per person per year in the West African region, consuming 11 kg per person per year. In addition to its contribution to the diet, the commodity is also an income source for smallholder farmers.

Prices of palm oil are expected to continue to increase during the third quarter of this year largely because of the high local and regional demand coupled with logistical constraints due to the poor transportation networks as well as the upward trend in food inflation and local currency depreciations.

Cassava

In July 2023, the average price for a 25kg bag full of cassava was LRD1,135/25kg bag, 25 Liberian dollars more than what it was sold for in June 2023. Important to note that as stocks of local rice produce declines in markets, rural households normally shift to consumption of cassava, a cheap substitute for rice. The highest price was registered in urban centers of Red Light (LRD 3,330) and Duala (LRD 2,710) markets in Montserrado due to the growing demand. Cassava prices are expected to increase until the start of new rice harvest in October in part because of the huge demand but also the high transportation costs due to the deplorable state of the roads.



Source: WFP

Cash Crop Prices

Sugarcane Juice

In July 2023, the national average price of 1 gallon of sugarcane juice was LRD 1,085, up by 5% compared to the previous month's price of LRD 1,030. Among the markets, Yarkpah's Town and Cestos City in Rivercess county recorded the highest price of sugarcane juice at LRD 1910/gallon and LRD 1530/gallon respectively, while Nimba remains the cheapest place to purchase sugarcane juice at LRD 700/gallon.

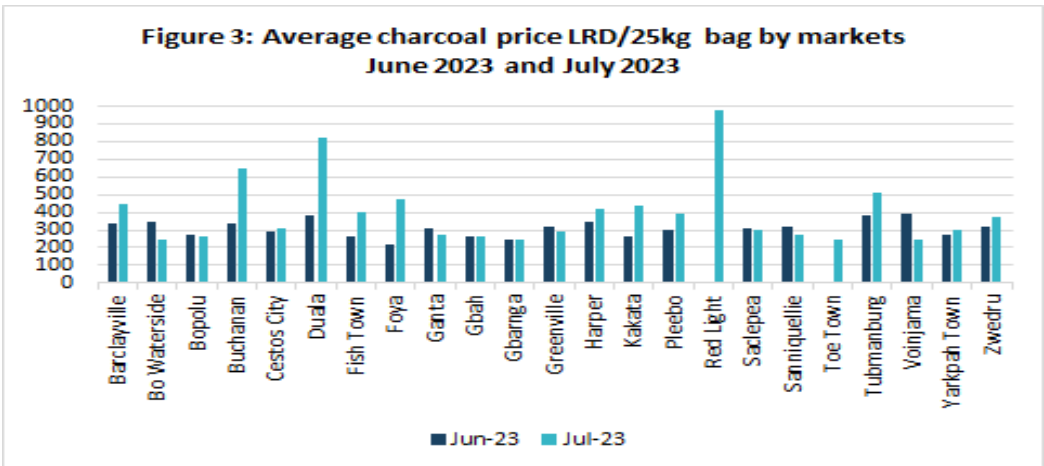
Important to note that sugarcane juice is widely produced in Liberia, with small amounts used as beverages and the majority serving as a raw ingredient in a variety of foods and beverages. Thus, sugarcane juice is considered more of a cash crop than a food crop. Like other commodities, the price of sugarcane juice is expected to increase due to the growing demand during the peak of the rainy season (July-September) and other seasonal factors.

Charcoal

Figure 3 shows that current prices of charcoal increase in almost all markets across Liberia compared to the previous month. Seasonal factors such as heavy rainfall reduces production levels, increasing demand for the product coupled difficulties of transportation due to the high cost of fuel and delapidating road condition are responsible for the increase in charcoal prices.

Red Light and Duala markets in Montserrado witnessed the biggest price increase of charcoal at LRD980 and LRD820 respectively. The poor supply of charcoal to markets could explain this observation.

Charcoal is a major source of energy for most households both in urban and rural Liberia but the commodity is also a complementary source of income for households especially in rural Liberia.

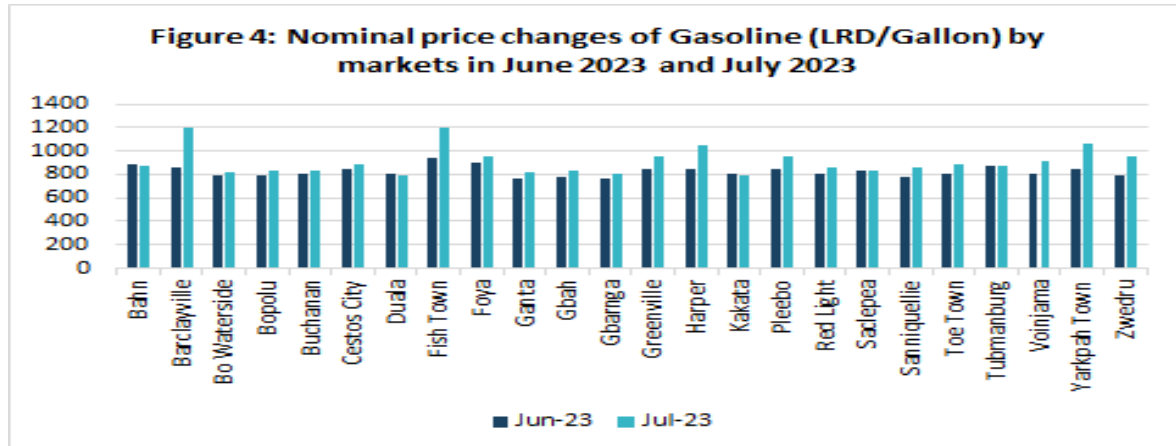


Fuel Prices

Gasoline

Gasoline prices also have profound impact on household’s budget. It impacts on transportation costs which also affects prices of basic commodities. Since May 2023, all domestic markets have witnessed an increasing trend in prices of gasoline. The average price for a gallon of gasoline went up from LRD825 in June 2023 to LRD910 (10% increase) in July 2023. The upward trend in gasoline prices across the country is largely driven by inflation and the sustained local currency depreciations as well as season factors (deplorable roads).

Significant price increases for a gallon of gasoline was observed in Barclayville market, Grand Kru (40%), Fish Town market, River Gee (28%), Yarkpah’s Town market in Rivercess (26%), Harper market in Maryland (24%) and Zwedru market in Grand Gedeh (20%)



Source: WFP

Wage Labor and Exchange Rates

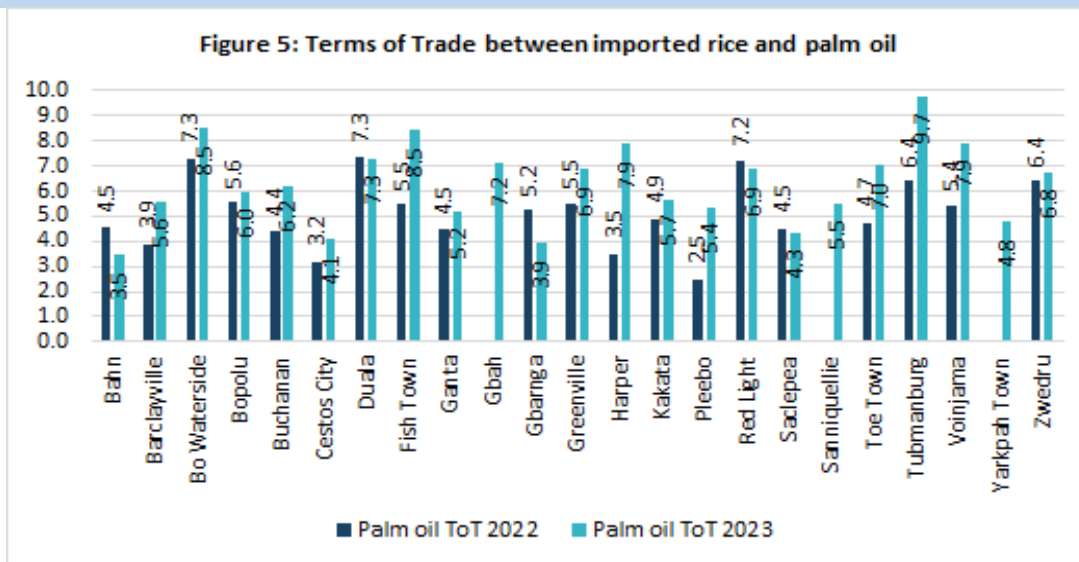
Exchange Rate

According to the Central Bank of Liberia the official exchange rate of the Liberian dollar against the USD was L\$185.2855/US\$1.00 as of 29 July 2023. The average exchange rate in the local market in July 2023 was L\$183/US\$1.00, -1% lower than the official rate. The highest exchange rates were recorded in Bomi County at L\$191/US\$1.00 and Montserrado county at L\$188/US\$1.00, while the lowest rate was registered in River Gee county at L\$174/US\$1.00.

The depreciation in the local currency since the start of 2023 is seriously putting additional pressure on the prices of food and other basic commodities. Traders who sell in Liberian dollars but have to purchase commodities in US dollars are adversely impacted by the local currency depreciation, which makes imports or imported goods even more expensive.

Wage Labour/ Terms of Trade (TOT)

For majority of the rural households, daily wage rate is derived from agricultural activities (or charcoal production in the case of Bomi) while urban areas in Montserrado and Grand Bassa depend on construction as the dominant source of casual work. The terms of trade 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 in (Montserrado and Grand Bassa counties), agriculture labor was also computed. In general, TOT was favorable between 2022 and 2023 in most locations. For example, palm oil producing households in Harper, Maryland county are getting 4.4 kilograms of rice more compared to the same period last year. The improvement in terms of trade can be attributed to the decrease in imported rice prices and consequent stable to higher wage rates. This could strengthen purchasing power of smallholder palm oil producing households and improve their food access as they go through the peak of lean season.



Methodology

Prices were collected for 17 food and non-food commodities on a weekly basis in Liberia’s 24 main markets spread across 15 counties.

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