



## INTRODUCTION

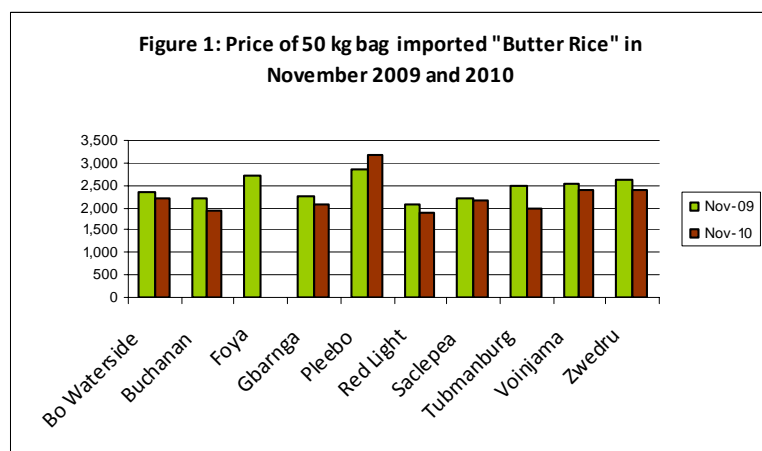
The Liberia Market Price Monitor<sup>1</sup> provides information on price changes for the commonly consumed staples as well as other essential non-food commodities that have potential of being exchanged for food. Its main objective is to monitor and analyze commodity prices in order to inform stakeholders: of food price changes over time, at different locations and in different seasons; and how prices of staples change relative to other local commodities that are key sources of income for vulnerable households.

This edition provides insight into seasonal evolution of price trends for Liberian staple rice, as well as possible effects of global price variations. A comparison is also made between current prices with those of the same period in November 2009.

### Highlights

- Annual rice harvest across rural Liberia has led to decline in demand for imported rice in the important agriculture production areas;
- Prices of basic commodities are exceptionally high in Maryland and Lofa Counties due to increased transportation cost as the result of bad road conditions;
- Political unrest in Cote d'Ivoire may be negatively affecting food and non-food supplies and prices in markets along the bordering Counties of Nimba, Grand Gedeh and Maryland in Liberia;
- Continued upward trend in global markets prices of rubber and cocoa offer prospects for foreign inflow of cash earnings from domestic sales in Liberia;
- Improvements in Terms of Trade in 2010 compared to 2009 suggest that access to food may have improved, especially for palm oil and rubber producers.

### NOMINAL "WHOLESALE" PRICE OF IMPORTED RICE:



The month of November marks the peak of the annual rice harvest across Liberia. The current harvest is characterized by reduced demand for imported rice in most rural markets, although some rice farmers expressed that yields are not as much as expected due to irregular rainfall patterns. As illustrated in figure 1, the demand for imported rice in Foya District, the major rice producing area in Lofa County, declined, and none could be found on the retail market.

Usually during the harvest, many farmers or

<sup>1</sup> The market price monitoring is a component of the Food Security and Nutrition Monitoring System as coordinated by the Food Security and Nutrition Programme at the Ministry of Agriculture, with technical support from the World Food Programme (WFP) and funding from the European Commission. Prices are collected by the county staff of the Liberia Institute of Statistics & Geo-Information Services (LISGIS) in 10 of the largest food markets in 9 different counties.

rural households tend to sell significant amounts of their rice at substantially low prices, this is done primarily to meet immediate cash needs and to spend on festivity at end of the year. As a result, poorer households often run out of stock quickly and start to borrow or rely on rice purchase as well as exchanging labour for food ahead of the lean period which occurs during the rainy season when food prices are normally increased.

The price of imported butter rice is lower in most local markets this year in comparison to November 2009, despite steady rise in commodity prices on the global market since September 2010. The exception in price reduction is Pleebo market which could be attributed to disruption in the flow of trade with Cote d'Ivoire due to the political unrest and proximity from Monrovia as well as deplorable road condition.

This confirms the 2007 Liberia Market Review that instability or armed conflict in either of the neighboring countries, Cote d'Ivoire, Sierra Leone or Guinea would impact negatively on market functions in Liberia. If prolonged, the current unrest may lead to shortages of some food and non-food items in Nimba, Grand Gedeh and Maryland where certain markets are heavily dependent on supplies through Cote d'Ivoire. It is crucial to closely monitor the effects of this situation so as to avoid adverse effects on prices and household food access.

### GLOBAL TRENDS IN PRICE OF RICE AND RUBBER

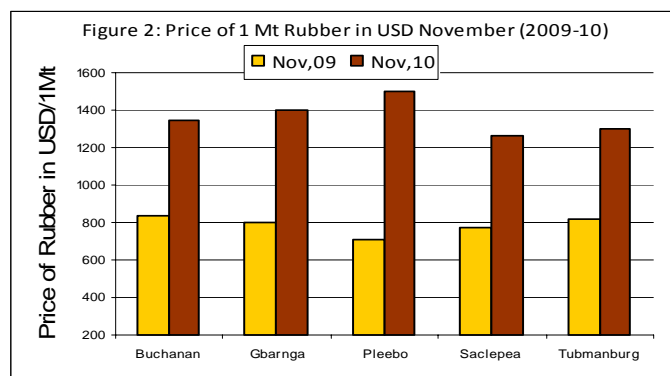
Price of rice rose at 13.1 points in October from 228.5 points to 241.6 points in November. The Global Price Index demonstrated further increases at the beginning of December confirming uncertainties about future supplies, since Asian rice production areas have been hardly hit by floods. Export prices could stabilize with the arrival of new Asian crop in December, but in Thailand the prices continues to climb. However, new players like Cambodia are coming on board with Thailand and Vietnam<sup>2</sup> could intensify competitions on rice exports prices.

The price of natural rubber has increased by 35 percent this year and reached a record 38,920 yuan (\$5,844) per metric ton on November 11. The price hit highest record as output in Thailand and other Asian producers has been reduced by heavy rain and flooding. According to the Rubber Research Institute of Thailand, cash price of rubber stood at 137.05 baht (\$4.56) per kilogram. Rubber prices also gained 36 percent this year on increased demand from China and India, the two largest consumers, as rising incomes boost demand for autos and consumer goods. The trend in prices may continue upward with speculation on economic recovery that has boost demand for industrial commodities. It is expected that prices will remain "strong" next year as global consumption increases faster than supply. It was predicted in a November report by Goldman Sachs Group Inc. that global consumption of natural rubber will outstrip supply of 313,000 tons this year, the most since 2006.<sup>3</sup>

### LOCAL PRICES OF RUBBER AND OTHER COMMODITIES

The prices of local cash crops, mainly natural rubber and Cocoa continued an upward trend which reflects the

upsurge in global prices of these two commodities. Figure 2 illustrates differences in current domestic price of rubber compared to the price in November 2009. The current increases in rubber price in Liberia are consistent with supply tightness and steady demand on the global market.



upward trend in domestic prices could increase revenue but also cushion producing households against food insecurity as the terms of trade has improved.

<sup>2</sup> InterRice November 2010, [www.infoarroz.org](http://www.infoarroz.org)

<sup>3</sup> <http://rubbermarketnews.blogspot.com/2010/11/thai-floods-send-rubber-to-record-high.html>

# LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

Palm oil, a common ingredient in most food recipes in Liberia reported an increase in price currently in comparison to the same period in November 2009. The limited supply of the product during this period coupled with large quantities exported to neighboring Guinea could explain this observation.

Cassava, the second most consumed cereal in Liberia, appears to be relatively cheaper in 2010 than it was in 2009. Many cassava producers this year are making farina. Only a small amount of fresh cassava is sold for kerosene, salt and soap. Farmers indicate that farina makes more money and is in greater demand than cassava tubers. The price of charcoal emerged to be more expensive in 2010 than it was in 2009 especially in non-producing rural areas like Zwedru and Pleebo as compared to charcoal producing areas like Tubmanburg and Bo-waterside. Rural households in charcoal producing areas tend to be more focused on the periodic rice harvest than charcoal production, leading to limited supply and steady demand followed by price increase.

**Figure 3: Prices of other commodities in November 2009 and 2010**

|              | Cassava 50kg (LD) |         | Cocoa 1 kg (LD) |         | Charcoal 50kg bag (LD) |         | Palm oil 1 Gallon (LD) |         | Cane juice 1 Gallon (LD) |         | Gasoline 1 Gallon (LD) |         | Exchange rate (LD) 1 US \$= |         |
|--------------|-------------------|---------|-----------------|---------|------------------------|---------|------------------------|---------|--------------------------|---------|------------------------|---------|-----------------------------|---------|
|              | Nov ,09           | Nov ,10 | Nov ,09         | Nov ,10 | Nov ,09                | Nov ,10 | Nov ,09                | Nov ,10 | Nov ,09                  | Nov ,10 | Nov ,09                | Nov ,10 | Nov ,09                     | Nov ,10 |
| Bo-Waterside | 363               | 392     |                 |         | 125                    | 125     | 463                    | 463     |                          |         | 270                    | 300     | 67                          | 69      |
| Buchanan     | 450               |         | 136             | 106     | 148                    | 153     | 268                    | 338     | 373                      | 475     | 246                    | 260     | 68                          | 70      |
| Foya         | 383               |         | 82              | 115     | 112                    | 145     | 378                    | 493     | 358                      | 550     | 347                    | 400     | 68                          | 70      |
| Gbarnga      | 358               | 350     | 67              | 100     | 100                    | 130     | 263                    | 350     | 259                      | 300     | 239                    | 280     | 69                          | 71      |
| Pleebo       |                   | 513     |                 |         | 199                    | 247     | 231                    | 383     | 271                      | 253     | 334                    | 444     | 67                          | 69      |
| Red Light    | 617               | 408     |                 |         | 181                    | 192     | 294                    | 303     | 265                      | 277     | 225                    | 258     | 68                          | 70      |
| Saclepea     | 300               | 375     | 88              | 113     | 85                     | 114     | 262                    | 360     | 354                      | 433     | 257                    | 287     | 69                          | 69      |
| Tubmanburg   |                   |         |                 |         | 110                    | 150     | 323                    | 400     |                          | 350     | 235                    | 260     | 66                          | 70      |
| Voinjama     |                   |         | 55              | 90      | 145                    | 165     | 417                    | 442     | 312                      | 330     | 297                    | 368     | 68                          | 69      |
| Zwedru       | 817               | 615     | 53              |         | 175                    | 217     | 338                    | 367     | 330                      |         | 263                    | 329     | 67                          | 69      |

The average price of fuel climbed to L\$318.66 in November 2010, compared to L\$271 a year ago. This observation could be explained by oil prices that climbed steadily in recent weeks because of a weakened dollar against other currencies. It is notable that since oil is priced in dollars, a weaker dollar makes it more of a bargain for buyers using euros or other currencies. Most energy traders expect this to happen, so they buy oil when the dollar falls, boosting the effect. On the domestic scene, the data in Figure 3 shows that fuel is considerably more expensive in Maryland and Lofa counties as compared to other areas, mainly due to transportation costs.

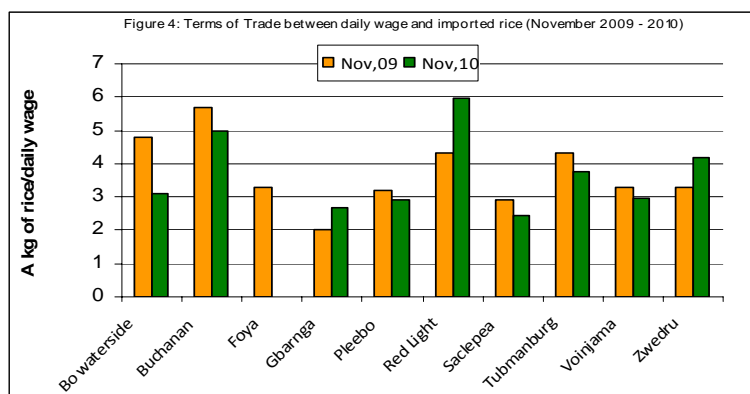
The local currency minimally appreciated from the October's 2010 rate of 1 USD to 70 LD to a current level of 1 USD to 69 LD. The slight fall is because of the US Federal Reserve's decision to pour \$600 billion in bond-buying program to stimulate the US economy. Over all, the US dollars and domestic currency appear to be relatively stable during the past one year.

## TERMS OF TRADE (TOT) BETWEEN WAGE RATES AND IMPORTED RICE

Figure 4 illustrates the amount of rice in kilogram that households will purchase in exchange of earnings from their daily labour from construction work in Red Light and Buchanan Markets, and agricultural labour mainly rice harvesting carried out by women.

Also purchase in exchange of earnings from producing a 50 kg bag of charcoal in the case of Tubmanburg Market.)

Figure 4 shows that TOT in most markets declined in November 2010 compared to the same period in 2009. The demand for agricultural labour may be high due to the on-going harvest but most



farmers are not hiring right now (disappointed as a result of poor harvest this year as compared to the previous year due to early rains), they instead help relatives and friends who helped them to harvest with at least 4 to 5 bundles of rice from daily harvest to an individual (amount to a L\$100 – this is calculated as payment in kind).

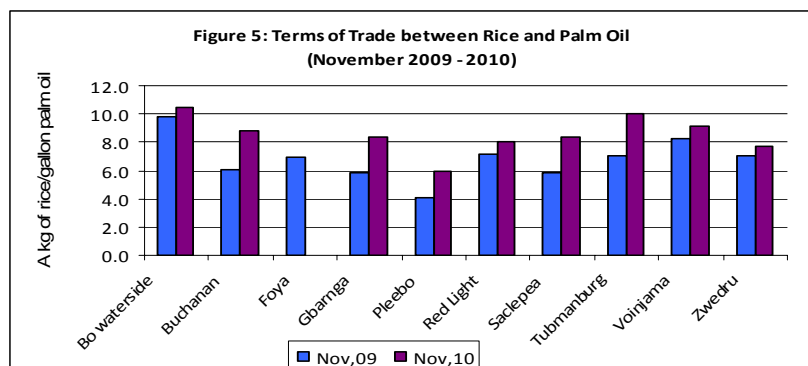
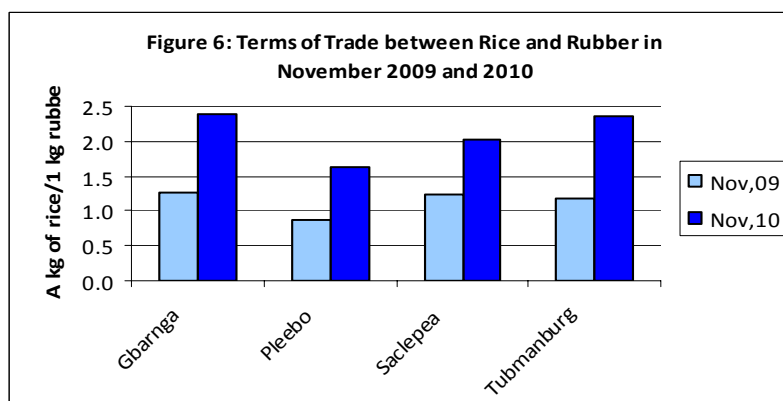


Figure 5 shows the quantity (in Kg) of “butter” rice that can be purchased in each market by selling one gallon of palm oil, which is the main source of income for households in most of the markets monitored. Terms of Trade for oil palm producers noted an improvement across all markets in November 2010 compared to the previous year.

Figure 6 confirms forecast of continued improvement in Terms of Trade for local small holder rubber producers into 2011 on prevailing reports of tight global supply and steady demand of natural rubber. In all markets, TOT for small holder rubber producers shows at least a double improvement. Rubber supply shortage has increased demand significantly this year as compared to 2009.



## OUTLOOK AND CONCLUSION

Household food availability and access may be improved in the short term as the annual rice harvest in rural areas appears to be mostly satisfactory, and the demand for imported rice has declined dramatically, while TOT has improved for some local producers of rubber and cocoa.

The global outlook of rice export prices in 2011 could be better than initially foreseen as new actors come on board with determination to boost export. On the local scene, transportation challenges remain because major roads have become impassable due to prolonged rainy season. The poor road conditions have rendered serious constraints to availability and access to basic commodities in parts of the Southeastern region as well as in Lofa and Gbarpolu Counties. This results in relatively high prices and lowers the Terms of Trade for labour and locally produced commodities. Thus, food security in these counties remains precarious, and requires continued surveillance.

### FOR MORE INFORMATION CONTACT

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