

# LIBERIA MARKET PRICE MONITOR

*A monthly price analysis of food and other essential commodities*

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## For more information contact

M. Tarnue Koiwou  
tdkoiwou@yahoo.com  
Food Security & Nutrition Unit, Ministry of Agriculture

Ms. Mariah Quaye  
mariah.quaye@lisgis.org

M. Boima H.M. Sonii  
bhmsonii1975@gmail.com  
Price Statistics Section, LISGIS

**WFP VAM Unit**  
M. Emmanuel K. Anderson  
emmanuel.anderson@wfp.org

Ms. Sayba Tamba  
Sayba.tamba@wfp.org

**FAO**  
Jesse Yuan  
jesse.yuan@fao.org

## HIGHLIGHTS

- ♦ International rice prices continue to drop due to slow import demand and large exportable supplies.
- ♦ Prices of imported rice in Liberia has also decline but is still above the pre-EVD average.
- ♦ Price decreases are also observed for charcoal, palm oil and especially gasoline. The price of gasoline is expected to remain stable into the next quarter, easing pressure on transport costs.
- ♦ The Terms of Trade between imported rice and daily wage have improved but unfavorable for palm oil producers

## INTRODUCTION

**T**his edition analyzes price trends of key food and other essential commodities for the month of August 2015. More specifically it analyses the price trends for 50 kg imported parboiled rice, for 50 kg bag full of cassava, for transportation from all markets surveyed to Paynesville Red Light, and for palm oil and charcoal. Gasoline prices are also reviewed. In addition, this edition examines the post Ebola trends on prices of food staples and other non-food commodities. It draws on the price analysis but also uses other sources such as the Liberia Food Security Assessment conducted between May and June 2015.

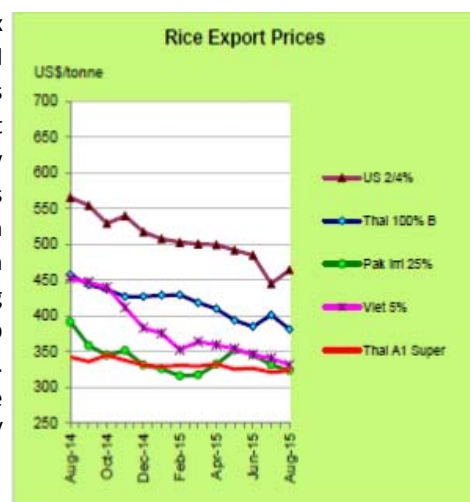
## GLOBAL RICE PRICE TRENDS

FAO Rice Price Indices						
	All	Indica		Japonica	Aromatic	
		Higher quality	Lower quality			
	2002-2004 = 100					
2011	242	232	250	258	220	
2012	231	225	241	235	222	
2013	233	219	226	230	248	
2014	235	207	201	266	255	
2014	August	242	215	213	263	271
	September	239	207	208	265	272
	October	235	203	204	260	268
	November	233	199	200	289	211
	December	224	195	191	283	187
2015	January	222	194	189	279	189
	February	220	189	186	276	196
	March	219	189	187	272	194
	April	218	188	189	271	193
	May	215	186	190	266	185
	June	213	184	188	265	180
	July	211	182	185	265	175
	August	209	179	182	265	175
2014 Jan.-Aug.	236	210	202	262	245	
2015 Jan.-Aug.	216	186	187	270	186	
% Change	-8.7	-11.1	-7.3	3.0	-29.8	

Source: FAO

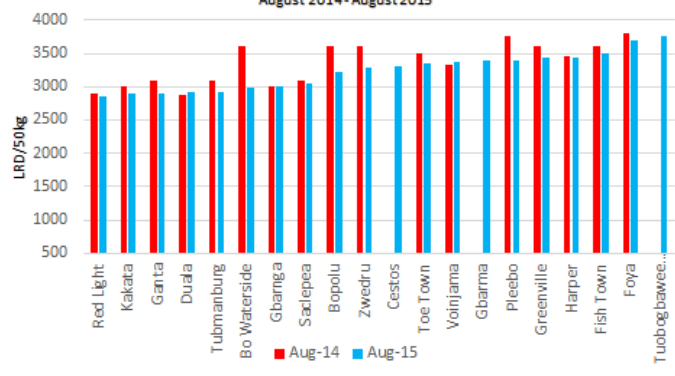
International rice prices has been declining continuously since September 2014. The FAO All Rice Price Index decreased to 209 points in August 2015, down by about 0.7 percent from around 211 points in July 2015. The FAO index value in August is the lowest since June 2010. According to FAO, the price weakness dominated the principal market segments, reflecting a combination of slow import demand and large export availabilities from bumper harvests as well as decline in other cereals. Both higher and lower quality Indica sub-indices declined by about 1.6 percent respectively to around 179 points and 182 points. However, the Japonica and Aromatic price indexes remain stable at 265 points and 175 points in August 2015 respectively.

In January—August 2015, the FAO All Rice Price Index averaged 216 points, down about 8.7 percent from around 236 points during the same period a year ago. The drop was steepest for aromatic rice prices, which were 30 percent cheaper year-on-year. Rice export prices in India, currently the main source of stocks available in Liberian markets increased due to a revival of sales to Africa. Export prices in Thailand, another source of rice varieties found in Liberian markets also increased due to concerns of drought affecting the production. On the other hand, the arrival of new crop supplies on the markets pushed prices down in Vietnam. They also fell in Pakistan, US, Argentina and Brazil because of higher supplies and slow export sales. (<http://www.fao.org/economic/est/est-commodities/en>)



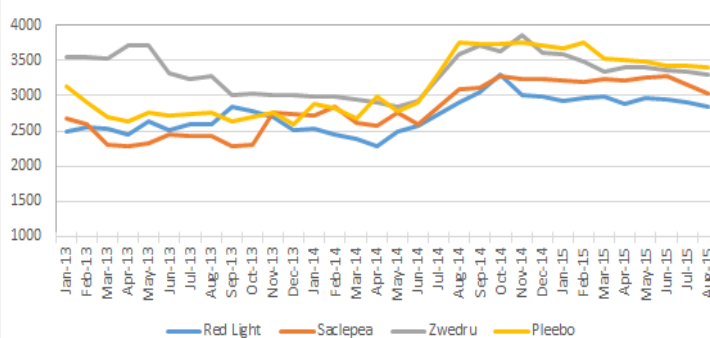
## WHOLESALE PRICE OF IMPORTED RICE

Figure 2: Nominal Price Changes for 50kg bag of Imported Parboiled in Liberian Dollars August 2014 - August 2015



The price of imported rice (50kg) has been declining since April 2015, a reflection that markets are recovering from the EVD shock. Figure 2 shows a general decline in wholesale prices of imported rice in various markets, with the most dramatic decline recorded in Bo-Waterside 17%, Bopolu 10%, Pleebo 9% and Zwedru 8%. The average retail price for a 50kg bag of imported parboiled rice in August 2015 declined by 4% compared to the same period a year ago and 2.9% lower than price levels in June 2015, however, current prices remain higher than normal and the pre-EVD average.

Figure 3: Price Trends of 50kg bag of Imported Parboiled Rice in some key markets in Liberia Dollars

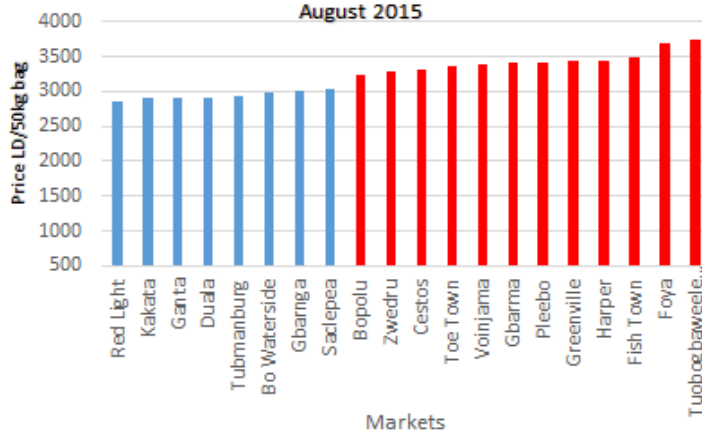


As shown in Figure 3, price levels of imported parboiled rice in the second quarter in 2015 seems to be trending towards lower prices witnessed in the first quarter of last year, but is still above the general decline seen in 2013. However, low grade imported parboiled rice especially from India continue to dominate other varieties on the Liberian markets helping to keep prices within the reach of domestic consumers even at a time (lean season which coincides with a period marked by exhaustion of local rice stocks) when imported rice prices are expected to go up in line with the usual seasonal demand.

## PRICES OF WHOLESALE RICE (continued)

Figure 4 shows that rural markets continued to report relatively higher prices compared to markets around Red Light in Monrovia, partly because of higher transportation due to the deplorable state of the roads and as a result of the devaluation in the local currency against the US dollars since July 2015. The poor households are usually vulnerable during this particular period and increasingly rely on casual labour to access food. Both Tuobo-gbaweeleken in River Gee County and Foya in Lofa County remain the most expensive markets for buying imported rice in the country. For instance in August, the differentials between Monrovia, main port of entry for imports, and Tuobo-gbaweeleken market was 32% (meaning a buyer in Tuobo-gbaweeleken pay 898 LD more than a consumer in Monrovia) for a 50kg bag of imported rice. For Foya, a 50kg bag of rice was purchased at 30% higher than Monrovia.

Figure 4: Nominal Price of Imported Rice (50kg) in LD August 2015



Domestic markets continue to be well supplied with imported rice primarily from India, Thailand and Vietnam. According to the Ministry of Commerce and Industry (MOCI) commercial rice stocks report as at August 26, 2015, the existing stocks 87,987.87 MT or 3,519,515 (25kg bags) is estimated to last until November 2015.

The report also indicated that the Indian Parboiled (Bella Luna #1) is the fastest selling rice currently in the country.

However, the distribution across the country remains a challenge and the remote areas especially in the southeastern region are currently finding it difficult to access the available rice mainly due to bad roads in addition to the weak purchasing power of vulnerable households.

## TRANSPORTATION CORNER

From Market to Paynesville RedLight (Monrovia):

Destination in LS	Taxi	Bus	Pick-up	Cam Motor	Truck
Bo Waterside	500	250	200		
Bopolu	700		600		
Cestos	1600	1000			800
Fish Town	3250	2950	1500		
Foya	3000	2800		2350	
Ganta	1200	500		450	
Gbarma	500				
Gbarnga	650	550	300		
Greenville	3000		2500		1500
Harper	4500	3500			2500
Kakata	250	200			75
Pleebo	4500	3250			2100
Saclepea	1800		800	600	
Toe Town	3000	2500	2000		
Tubmanburg	280	215	165		
Tuobogbaweeleken	5250	4250	2750		
Voinjama	2250	1750	1750	1350	
Zwedru	3500	3000	2500		

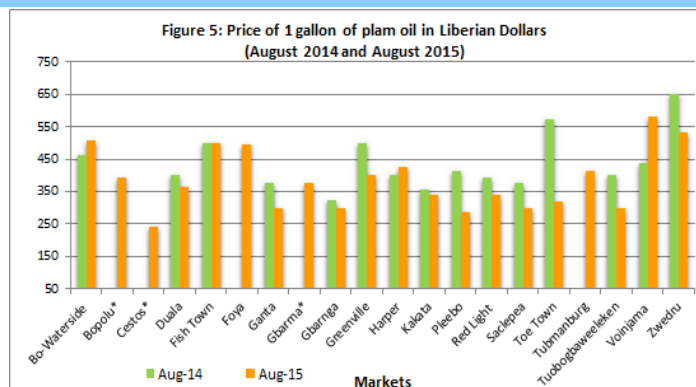
## PRICES OF OTHER COMMODITIES

Palm oil prices normally increase in August but some markets have experienced substantial decline, noticeably Pleebo market (26%) where it appears production is continuing because of favorable weather conditions that have prolonged the harvest period. Otherwise, sharp price increases have been observed in certain markets in Lofa County, Grand Cape Mount, in Grand Gedeh County, not surprising in Voinjama (54%), Foya (49%), Zwedru (34%) and Bo Waterside (33%) where the prices are reportedly driven by increasing demands from Sierra Leone, Guinea and Cote D'Ivoire.

**Table 2: Price of 1 gallon of palm oil in Liberian Dollars (June - August 2015)**

Market	Jun-15	Aug-15	% Change 2M
Bo-Waterside	382	508	33%
Duala	337	363	8%
Fish Town*		500	
Foya	330	493	49%
Ganta	302	300	-1%
Gbarnga	324	300	-8%
Greenville	422	400	-5%
Harper	428	425	-1%
Kakata	318	339	7%
Pleebo	387	288	-26%
Red Light	360	342	-5%
Saclepea	263	300	14%
Toe Town*		320	
Tubmanburg	325	413	27%
Tuobogbaweeleken*		300	
Voinjama	377	580	54%
Zwedru	397	533	34%

\* No data available

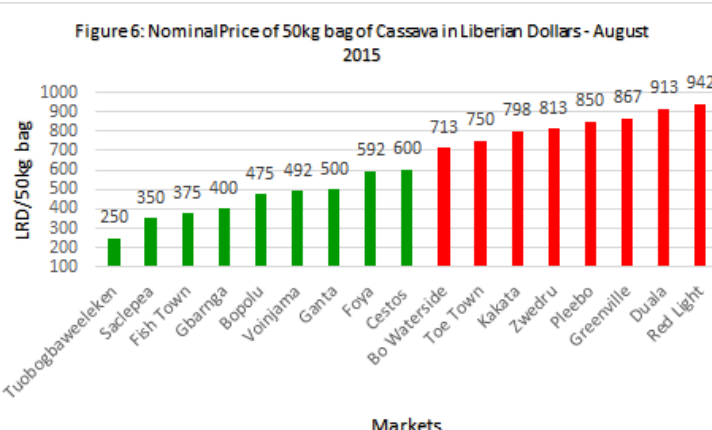
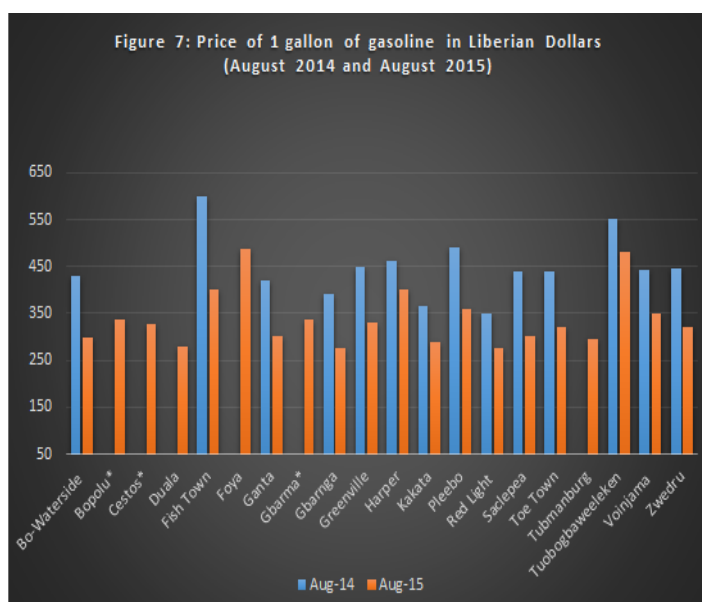


The average price for a gallon of palm oil has dropped by 11% in comparison to the amount in August 2014. With exception of the prices in Voinjama and Bo Waterside which increased, and the relatively stable prices in a few markets, there are substantial declines of prices at Ganta market in Nimba County (20%), Greenville market in Sinoe County (20%), Toe's Town, Pleebo and Zwedru markets in Grand Gedeh County (44%), (30%) and (18%), and Toubo-gbaweeleken market in River Gee County (25%). The favorable change in palm oil prices can be attributed to improved access and lifting of EVD restrictions.

## PRICES OF OTHER COMMODITIES

With the exception of Foya market in Lofa County where there is an increase of 40%, the cost for a gallon of gasoline declined by 4% from June to August 2015. The sharp increase in prices in Foya market can be attributed to trade restraints and lack of access due to bad road conditions.

The average price for a gallon of gasoline has decreased compare to August 2014 by 25%. The reduction in prices are much less at Harper in Maryland County (14%) and Toubo-gbaweeleken in River Gee County (13%), whereas the reduction are more significant at the markets in Fish Town (33%), Saclepea (32%), Bo Waterside (31%), Zwedru (28%), Toe's Town (27%) and Pleebo (27%), unexpectedly because prices for this commodity are normally high in August due access constraints.



As expected, the highest prices Saclepea market which supplies of fresh cassava (50kg bag) are bulk of the cassava in Zwedru recorded near the City of markets. The situation in Bo Monrovia at the Red Light and Waterside can be explained by Duala markets. Surprisingly, low supplies, because people in cassava is also expensive in parts the area mainly transact business of the countryside including in Monrovia due to proximity, Greenville, Pleebo, Zwedru and increasing demand and easy Kakata, most likely due to access to other commodities. scarcity caused by inaccessibility Cassava becomes the basic staple and high transportation. Bad food for poorer households when roads condition as a result of food prices are high during the heavy rains usually restraints peak of the lean season in the mobility and the flow of trade month of August. between Nimba County and Grand Gedeh County through



## TERMS OF TRADE (TOT)

Figure 8: Terms of Trade between daily wage and imported rice

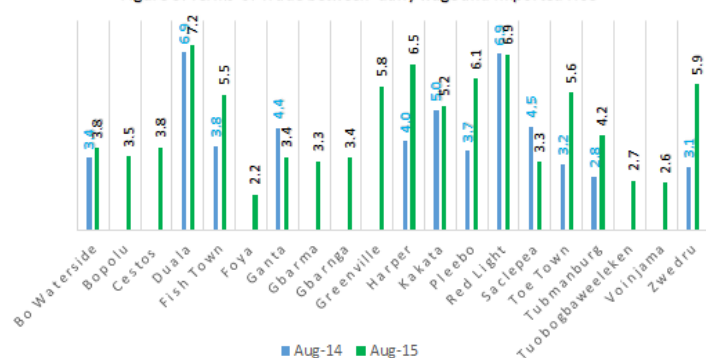


Figure 8 shows the Terms of Trade (TOT) between daily wage and imported rice across markets. The main activities of workers in these areas are in agriculture, except for Red Light, Duala and Buchanan where the main activity is construction. Currently, the dominant agricultural activities are harvesting in the southeast, weeding and fencing in other counties while construction remains the prevailing source of casual employment in urban centers of Monrovia and Buchanan. The terms of trade (TOT) here reflect the amount of rice in kilo grams that a household may purchase in exchange of earnings from their daily work either in construction, agricultural labor or the production of charcoal. As the figure shows, current terms of trade improved more significantly in rural areas and remain stable in urban areas of Red Light and Duala compared to a year ago. For example, in Zwedru a daily wage buys 5.9 kilo grams of rice more in August this year when compared to the same period in 2014. This trend is observed across most rural markets, suggesting that the decline in prices of rice is shifting in favor of casual laborers involved in agricultural activities.

Figure 9: Terms of Trade between 1 gallon of palm oil and imported rice

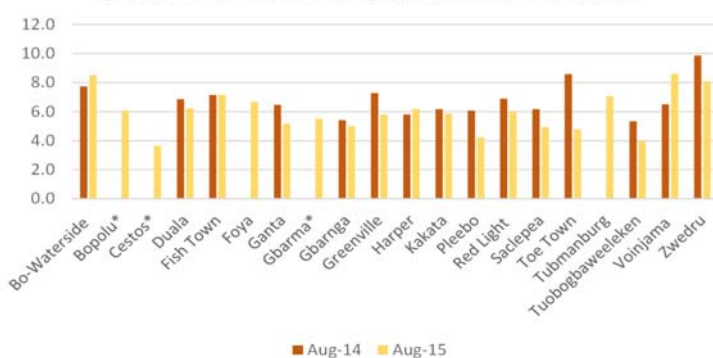


Figure 9 shows the quantity (in kg) of imported parboiled rice that can be purchased in each market by selling a gallon of palm oil, an income source for producers households in rural Liberia. In general terms of trade for imported rice/gallon of palm oil on average declined by (0.4 grams less) across the markets when compared to a year ago. The price of palm oil reportedly decline in most markets, reflecting unfavorable ToT for most palm oil producing households during the period. For example, a palm oil producer/trader in Toe's Town is obtaining 3.8 kilo grams less of imported rice compared to last year. The exception was Bo-Waterside and Foya markets where palm oil producers are experiencing improvement in terms of trade due to the increasing demand from neighboring Guinea and Sierra Leone. According to reports, palm oil producers/traders in Foya prefer selling most of their produce to markets in Guinea and Sierra Leone along the border because of high profit margins. Many attributed the increase in palm oil prices to the poor palm nuts harvest which ended in June of this year.

## OUTLOOK AND CONCLUSION

Around this time of the year, local rice is less available in the domestic markets as most farming households have exhausted food stocks from the previous harvest and increasingly rely on markets to access main staple rice and other basic commodities, thus increasing demand for imported brands. In addition, August is the peak of the lean season marked by declining availability of food stocks at household's level. Most of the poor households usually shift their consumption to more cassava during this period. On the other hand, the higher demand for imported rice characterized by the peak of the lean period as well as the deplorable state of the roads due to heavy rains are responsible for high price differentials between Monrovia, main entry point for all rice imports, and far off markets (differential at 32% for Tuobo-gbaweeleken and 30% for Foya). Liberia continue to rely heavily on rice imports to meet at least 50% of national staple requirements. The current downward trend in global rice prices coupled with the long-standing policy of the government to suspend tariff on imported rice could help to keep prices within reach of domestic consumers.

The new harvest of early planted rice in the southeast has started and is expected to replenish household stocks resulting in lower levels of market food purchase in September. In other regions, harvest of rice will begin in October, leading to improved household stocks. With current commercial stocks of imported rice reportedly enough to meet domestic demand until November and anecdotal reports of an expected good harvest compared to last year, food availability is expected to remain generally good throughout the remaining months of this year. However, it is still important to monitor global rice prices as Liberia is vulnerably to international price shock due to limited local production. Meanwhile, the Ministry of Agriculture, in collaboration with partners will continue to closely monitor food prices in the country.

## Trends in the Prices of Rice and Palm Oil in Selected Markets

