INTRODUCTION:

This eighth edition of the Liberia Market Price Monitor\(^1\) 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. The potential impact of price changes on household food access is also presented. This bulletin focuses on price variations between the first quarter (January – March) and the second quarter (April – June) of 2010 and also makes a comparison to the same period in 2009.

In addition, this edition also provides quarterly insight into seasonal evolution of price trends for rice, the staple commodity in Liberia, as well as potential effects of global price variations.

Highlights:
- Prices for imported rice remained stable in Liberia as the global rice supply market remained stable, with prices considerably lower than 2009 price levels.
- The beginning of hunger season in Liberia has not been characterized by sharp rise in domestic prices for food commodities, despite rural markets reporting no local rice in the markets.
- Terms of Trade improved in 2010 as compared to same period in 2009, mainly benefiting palm oil producers and casual labourers.

NOMINAL “WHOLESALE” PRICE OF IMPORTED RICE:

Figure 1 shows price of imported “butter” rice (the most commonly consumed commodity given that Liberia still predominantly relies on rice imports). Price of imported rice was generally lower in 2010 as compared to same period in 2009, with exception of Foya and Plebeo Markets that reported increase in price since 2010.

At the same time, the price of imported rice was stable between January and June 2010 in all markets.

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\(^1\) 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.
with exception of Foya Market that showed a rise in the second quarter of the year. Foya and Pleebo are two of the markets that are poorly connected to the rest of the country as a result of bad roads which normally increases transportation and food commodities costs especially during the peak of the rainy season (June – September). This poor integration with domestic markets might explain why market trends in Foya and Pleebo are different from others in the country. It is also notable that Foya Market has significant trade relations with Guinea (especially for food crops). Confirmation of price trends in Guinea was not possible although the potential influence can not be over-emphasized. As expected, markets around Central Liberia (Gbarnga and Buchanan) as well as Monrovia (the main entry port for food commodities) continued to report lower prices of imported rice when compared to far-off rural markets especially in Southeastern and northwestern Liberia.

GLOBAL TRENDS IN PRICE OF IMPORTED RICE:

The rapid increase in global wheat prices that has followed the Russian export ban for the commodity has not yet significantly affected prices of alternative grains. Cumulative price increases of rice, maize and barley are below 10 percent due to good harvests in major producing countries. Estimates of global rice stocks in 2010/11 are stable compared to 2009/10, as a result of projected good harvests in major exporting countries (especially India and China) and major rice dependent countries like Bangladesh. This explains the relatively stable prices of rice in Liberian markets despite the seasonal shortages expected at this time of the year.

However, close monitoring of both global and domestic prices of grains is required as continued speculation on the wheat market might influence alternative grain markets and prices may transmit to cereal import dependent countries with a lag. Such an outcome will further affect the cost of the Liberian food basket. It is noteworthy that the cost of the food basket has remained persistently high since the 2008 food price crisis in most of the developing countries, Liberia included.

PRICES OF OTHER COMMODITIES:

Annex 1 attached to this bulletin also presents price trends in nine food and non-food commodities regularly monitored in Liberia in addition to exchange rates.

April –June 2010 witnessed a rise in price of cassava, the second most consumed staple in Liberia. The price of cassavahas increased in all markets when compared to the first quarter of the year. It is significant that as stocks of local rice produce declines in the markets, rural households normally shift to consumption of cassava, a cheap substitute for rice. Cassava production is also lowest during the rainy season, which explains the increasing price trend. Some level of stability in cassava prices was only witnessed in Bo-waterside at the Sierra-Leone/Liberia border. The substantial inflow of cassava products (that has remained stable) from Sierra Leone passing through this particular market may explain the observation. As shown in the figure 2, Sierra Leonean Leone is weakening against the UDS dollars while Liberty is somewhat stable, making cassava products from Sierra Leone relatively cheaper for Liberian consumers. Source: oanda.com

Price of cassava was highest in Zwedru Market followed by Pleebo, Buchanan and Red Light Markets. While the high price in Zwedru Market may be a result of limited production in the county in addition to relatively high transport costs of the commodity from Nimba (where it is bought), in urban areas (especially

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2) FAO: Update of Food Security Situation, June 2010
Monrovia and Buchanan), it probably reflects strong demand from the large populations, and better purchasing power of households. Higher cassava prices in urban areas also reflect demand and supply forces (there is seasonal low availability of cassava and relatively few cassava vendors in the markets—cassava marketing is poorly organized as compared to imported commodities).

Fuel prices remained stable in all markets between January and June 2010. As observed in previous publications, fuel is considerably more expensive in Maryland and Lofa Counties as compared to other areas, mainly due to transportation costs. Charcoal prices also remained stable between January and June 2010 with non-producing areas (Zwedru and Pleeb) and urban Monrovia reporting relatively high prices as compared to charcoal producing areas like Tubmanburg and Bo-waterside areas.

The price of the main cash crop — rubber increased in the second quarter as compared to the first quarter of 2010 in all markets with the most dramatic rise (61%) reported in Tubmanburg. Since October 2009, natural rubber has witnessed an upward trend in prices globally, driven by strong demand in the Asian and Pacific Countries (mainly China)—Economist, June 2010. It is also notable that prices of rubber had crashed in 2008 due to economic depression in that year and the current upward trend in prices could signal a correction towards normality. The price of other main cash crops—coffee and cocoa, however remained relatively stable in the producing areas of Liberia between January and June 2010.

Palm oil, a common ingredient in most food recipes in Liberia reported a decline in price—by about nine percent between first and second quarter 2010. The peak season for palm oil production is March/May, implying higher production in the second quarter of the year, which could explain the decline in the producer price. Lofa County, the highest producer of palm oil reported the greatest decline in the price of the commodity while Nimba (which exports large quantities of palm oil to Guinea) instead showed the highest increase between first and second quarter of 2010. It is significant that the Guinean Franc and Liberian Liberty/Dollar had remained stable against the US dollar between 2009 and mid 2010 (1 USD was about 3600 Leone and 71 LD respectively) thereby supporting the trade flows.

There appears to be relative stability in the exchange rate (1 USD to 70 LD) of the United States Dollar and the local currency during the reporting period. This could be as a result of the US dollar which remained relatively stable at international level for the past months. Price of gasoline also remained stable over the period with price differentials witnessed across the markets explained by distances from the main port of entry, Monrovia. The price of cane juice is lowest in Southeastern market of Pleeb, an area known for relatively high production potential for sugar cane.

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

Terms of Trade TOT) indicate the quantity of imported butter rice, which can be purchased by selling one unit of another locally produced commodity. Figure 3 shows the quantity (in Kg) of “butter” rice that can be purchased in each

![Figure 3: Terms of Trade (Rice for a gallon of palm oil)](image)
market by selling one gallon of palm oil, which is the main source of income for households in most of the markets monitored. With exception of Pleebo and Foya that present improved Terms of Trade between rice and palm oil in 2010, the other markets have reported slight deterioration (2-5% decline) in TOT since 2009. Terms of trade for the current year have remained stable, except for the Foya and Pleebo Markets that noted an improvement between the first and second quarters of 2010.

Rice can also be purchased using wages obtained from different types of casual labour available to households in various parts of the country. For majority of the rural households, daily wage rate is derived from agricultural activities (or from charcoal burning in the case of Tubmanburg) while urban areas of Monrovia and Buchanan depend on construction as the dominant source of casual work as presented in figure 4. The Terms of Trade (TOT) reflecting 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 improved between 2009 and 2010 in all markets with exception of Pleebo. Since the year 2010, Saclepea, compared to other markets is however experiencing declining TOT for the labourers.

OUTLOOK AND CONCLUSION:

Liberia is going through the peak of the rainy season (June – September) which coincides with the hunger season. Farming households usually run out of food stocks and dependence on markets for food increases. The harvesting season is only expected in October in some parts of Southeastern Liberia while harvest in other parts of the country will start between November and December. Holding other factors (e.g. trade cross-border transactions and imports) constant, the price of food commodities (especially local rice and cassava) is likely to increase in the 3rd quarter of 2010 as households increasingly depend on markets. It is also significant to note that cassava production is usually lowest during the coming season as climatic conditions inhibit processing. Thus, the food security situation of households is likely to be compromised especially in remote parts of the country where road network will be further damaged during the rains making transport very costly.

Although the import prices of the main staple, rice remains low, it is imperative for strengthened monitoring of global grain prices as continued instability on the wheat market could influence other grains and prices may transmit to cereal import dependent countries. Such an outcome may further affect the cost of the food basket, which has remained persistently high since the 2008 food price crisis in Liberia as reported in previous publications of this bulletin. The Ministry of Agriculture, in collaboration with its partners, will continue to closely monitor food prices in the country.

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**Annex Prices of other commodities: January – March & April - June 2010**

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<th>BULLETIN</th>
<th>Cassava 50kg (LD)</th>
<th>Cocoa 1 kg (LD)</th>
<th>Coffee 1 kg (LD)</th>
<th>Rubber 1 Mt (USD)</th>
<th>Charcoal 50kg bag (LD)</th>
<th>Palm oil 1 Gallon (LD)</th>
<th>Cane juice 1 Gallon (LD)</th>
<th>Gasoline 1 Gallon (LD)</th>
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*J – M = January to March and A – J = April to June*