INTRODUCTION

This edition of the Liberia Market Price Monitor\(^1\) focuses on price variations between September 2009 and 2010 and provides insight into the seasonal development of price trends for staple food commodity, rice and its main substitute, cassava. The possible effects of global price variations on domestic prices as well as changes in terms of trade between rice and main income activities for the households is also explained. Possible implications of price and TOT variations on food security status of the population are also highlighted.

**Highlights**

- September saw the re-entry of wholesale trade on imported “butter” rice in rice producing areas of Foya after about 10 months period of absence—signaling depletion of previous stocks;
- Price of imported “butter” rice is lower in all markets in September 2010 compared to the same period in 2009 with the exception of Foya Market.
- Price differentials between Foya market and Monrovia widened to all time high—about 90% price difference—attributable to poor state of roads during the season;
- Improving global price of rubber is reflected in upward trend in prices and better TOT for rubber producers.

**NOMINAL “WHOLESALE” PRICE OF IMPORTED RICE:**

In September, no wholesale local rice trade on local rice was reported in the markets of Liberia, even in surplus producing areas within Bong, Lofa and Nimba Counties. Two months ago; local rice was available in Foya Market. All the markets reported presence of imported “butter” rice (the most commonly consumed commodity given that the country does not produce enough local rice to meet its domestic consumption requirements). As shown in Figure 1, price of imported butter rice is currently lower in all markets when compared to the same period in 2009 with the exception of Foya Market in the Lofa County. Foya market has a low degree of integration with other Liberian markets as a result of bad roads which worsens during the rainy season. The relatively low price of imported rice on the domestic markets this year when compared to the same period last year could be a reflection of the downward trend in global rice prices that began in the last quarter of 2009. At the global scene, a metric tonne of rice is currently costing $480 compared to $515 a tonne in September 2009. The emergency

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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.
GLOBAL TRENDS IN PRICE OF RICE AND RUBBER

In September, the world prices of rice rose again due to relatively limited export supply. The OSIRIZ global rice price index in September gained 17.7 points to 217.3 points compared to 199.6 points in August. The uncertainties about future supply still remain—mainly due to unfavorable weather conditions in many rice producing regions, like Vietnam’s Mekong Delta—affected by drought, and Northern Pakistan, which saw one of the worst floods in the country’s history. Even so, rice availability in the main exporting country seems to be enough to meet global import needs. Therefore, current world price increases may be more moderate than projected and has so far not impacted much on the overall rice demand and price levels.  

Global prices for rubber climbed to the highest level in six months as persistent rainfall in key producing countries raised concerns that supplies may tighten. Rainfall this year has been longer and heavier than the previous years in major rubber producing countries, lowering latex levels. For instance, floods in Hainan are likely to reduce output in China based on reports of 166,700 hectares (411,925 acres) of crops damaged, including 74,000 hectares destroyed. According to the Rubber Research Institute of Thailand, cash prices in Thailand rose by 2.6 percent to 116.50 baht ($3.87) per kilogram as demand from China, the largest buyer, increased to replenish its low inventories. There are expectations that prices may advance to $4 a kilogram by the end of October because of a “supply shortage”, while global demand keeps expanding. Rubber is the major export crop in Liberia. Due to global downturn and a crash in rubber prices in the world market in 2008, the country’s earnings from rubber declined sharply from $206,821.4 in 2008 to $100,183.9 in 2009 (Liberia Financial Statistics March-April 2010, CBL). However, prospects for renewed upward trend in prices will undoubtedly increase government’s earning capacity but also cushion producing households against food insecurity as the terms of trade also rises.

PRICES OF OTHER COMMODITIES

This section presents price trends on food and non-food commodities regularly monitored in Liberia in addition to exchange rates. The price of the main cash crops – cocoa and rubber increased has witnessed an upward trend in the previous one year.

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2 InterRice September 2010, www.infoarroz.org
Figure 3 shows the current price of rubber compared to the same period in 2009 based on price information available from 5 out of 10 markets monitored. All markets showed a 73% rise in the price of rubber over the last year in line with the global trend in rubber prices. This year has been marked by an increasing demand for rubber in the global markets amidst supply shortages thereby resulting to upward trend in prices. The continued rise in the price of rubber in the global and local markets could provide possibilities for foreign inflow earnings to the economy thereby boosting the domestic revenue. Palm oil, a common ingredient in most food recipes in Liberia reported either stability or a rise in price in all markets compared to the same period last year (September 2009). Demand for Liberian palm oil in the neighbouring countries is still strong although declining following the weakening of the Guinean Franc.

Cassava, the second most consumed cereal in Liberia, is more expensive in 2010 than it was in 2009. It is most expensive in Zwedru followed by Pleebo and Red Light markets. The high price in Zwedru and Pleebo Markets may be a reflection of transportation costs from Nimba County. For Red Light Market, it is probably reflecting strong demand and better purchasing power of households.

<table>
<thead>
<tr>
<th>Markets</th>
<th>Cassava 50kg (LD)</th>
<th>Cocoa 1 kg (LD)</th>
<th>Charcoal 50kg bag (LD)</th>
<th>Palm oil 1 Gallon (LD)</th>
<th>Gasoline 1 Gallon (LD)</th>
<th>Exchange rate (LD) 1 US $=</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Sept, 09</td>
<td>Sept, 10</td>
<td>Sept, 09</td>
<td>Sept, 10</td>
<td>Sept, 09</td>
<td>Sept, 10</td>
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<tr>
<td>Bo-Waterside</td>
<td>300</td>
<td>362</td>
<td>116</td>
<td>125</td>
<td>381</td>
<td>408</td>
</tr>
<tr>
<td>Buchanan</td>
<td>150</td>
<td>150</td>
<td>275</td>
<td>300</td>
<td>255</td>
<td>268</td>
</tr>
<tr>
<td>Foya</td>
<td>325</td>
<td>57</td>
<td>75</td>
<td>128</td>
<td>150</td>
<td>368</td>
</tr>
<tr>
<td>Gbarnga</td>
<td>375</td>
<td>325</td>
<td>52</td>
<td>63</td>
<td>98</td>
<td>126</td>
</tr>
<tr>
<td>Pleebo</td>
<td>283</td>
<td>540</td>
<td>190</td>
<td>223</td>
<td>229</td>
<td>293</td>
</tr>
<tr>
<td>Red Light</td>
<td>617</td>
<td>408</td>
<td>190</td>
<td>183</td>
<td>290</td>
<td>306</td>
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<tr>
<td>Saclepea</td>
<td>250</td>
<td>350</td>
<td>63</td>
<td>78</td>
<td>78</td>
<td>100</td>
</tr>
<tr>
<td>Tubmanburg</td>
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<td>150</td>
<td>323</td>
<td>350</td>
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<td>255</td>
</tr>
<tr>
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<td>35</td>
<td>60</td>
<td>136</td>
<td>157</td>
<td>396</td>
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<tr>
<td>Zwedru</td>
<td>688</td>
<td>763</td>
<td>166</td>
<td>229</td>
<td>360</td>
<td>367</td>
</tr>
</tbody>
</table>

Fuel prices remained stable in all markets in the previous one year. However, it is notable that fuel is considerably more expensive in Pleebo (southeastern) and Foya (Lofa) Markets. In fact, the price of fuel is 54 percent and 49 percent higher in Pleebo and Foya Markets respectively compared to Monrovia and also considerably higher than the rest of markets, which contributes to the higher prices of food commodities in those markets.

The exchange rate remained relatively stable during the comparison period at about 1USD to 70 LD although strengthened against the Sierra Leonean Leone and Guinea Franc (the two currencies have been weakening against the US Dollar since May). At the international scene the United States dollar has been relatively stable in the past one year.

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

Many rural households purchase rice using wages obtained from 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. The Terms of Trade (TOT) reflecting the amount of rice in kilogram that households may buy in exchange for wages from their daily work either in construction sites (Red Light and Buchanan Markets) or agricultural labour is computed as presented in Figure 5. With exception of Foya and Buchanan Markets, TOT either remained stable or improved between 2009 and 2010 in all markets. The high price of imported rice in Foya could be responsible for the decline in TOT.

Terms of trade was also calculated for rice against palm oil. As shown in Figure 6, terms of trade is generally favourable for palm oil producers this year than it was in 2009 in most parts of the country with exception of Foya market which showed a declined terms of trade over the period. The Foya observation is explained by the relatively higher prices of imported rice (see Figure 1). Palm oil demand in the region is high as explained in previous sections thus better TOT. Terms of trade for rubber in exchange for rice was also calculated as shown in Figure 7. All the markets indicated at least a triple improvement in TOT for small holder rubber producers between 2009 and 2010. Rubber demand has increased significantly this year as compared to 2009 (see Figure 2 above), which also conforms to the global market trends while casual labourers in the rubber plantations are also experiencing improving terms of trade.

OUTLOOK AND CONCLUSION
There was no local rice in all markets during the months of September 2010 leading to increased reliance on imported “butter” rice by even rice farming households. This increased reliance on imported rice disadvantages the poor households (do not have cash crops like rubber or palm oil) who lack the purchasing power to access the staple commodity. It also brings to bear the market access issues—usually hampered during rainy seasons due to bad roads. As reported in the 2010 comprehensive food security and nutrition survey, food insecurity is still high in the country and disproportionately affects regions. Southeastern counties were reported as the most food insecure in the survey conducted in May-August.

However, on a positive side, the relatively lower prices of imported “butter” rice in most markets may relieve some families. The annual crop harvest has also started in Southeastern counties which could see entry of local rice in the domestic markets. This may lead to improved access to food, at least for a while. Anecdotal reports indicate that the expected harvest may not be as good as in the previous year. This warrants increased monitoring as the expected relieve may be short-lived.

The positive outlook of the global rubber market also has potential of cushioning rubber producers in Liberia against food insecurity by bringing in additional resources at household level. Farmers can take advantage of the increased prices if they are sustained for the coming months/years to increase their exports. Meanwhile, the Ministry of Agriculture, in collaboration with its partners, will continue to closely monitor food prices in the country.

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