INTRODUCTION

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. Its main objective is to monitor and analyze commodity prices in order to inform stakeholders: of food price changes over time, food prices 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.

It also provides insight into seasonal development 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 October 2009.

**Highlights**

- Prices of imported rice, Liberia’s most consumed staple, is still lower in all markets in this year compared to the same period in October 2009.

- The increased reliance on imported rice that is sometimes limited in supply due high transport cost attributed to deplorable road conditions are creating problems for rural inhabitants.

- Terms of Trade between rice and other livelihoods across domestic markets continues to improve with the exception of daily wage despite moderate increase in the prices for imported rice. The exception to the trend is Foya market, which continues to experience an upsurge in prices of imported rice.

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

The month of October is witnessing the periodic rice harvest in the country and local rice is expected to start appearing on the markets in the coming weeks. Rice production has witnessed a sharp increase in the production of paddy (unprocessed) rice from 85,000 tons in 2005, 144,000 tons in 2006, 175,000 metric tons in 2007 and 279,000 metric tons in 2008 to an estimated 293,000 metric tons in 2009/10. However, despite the improvement in production in recent years, the national requirement still exceeds local supply by huge margins meaning Liberia still have to rely heavily on imports to meet national consumption

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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.
requirements. Unless the country moves quickly to address the constraints facing agricultural production, this will continue to be a threat to food security.

Prices of imported “butter” rice declined this year compared to the same period in October 2009 with the exception of Foya Market which showed an increase (see Figure 1 above). Traders in Foya have been plagued by deplorable road conditions (due to heavy rainfall) as well as higher transport costs which contribute to increases in the price of imported rice. On the other hand, the stability in the price of imported over the period could be in line with global trends (declining rice prices since the beginning of 2010) and proactive measures by the government of Liberia to relax import duties and tax on rice imports. Even though, current prices are lower compared to same period last year, it is important to monitor global trends in coming months and to establish the impact it may have on domestic markets amid reports of increasing world rice prices which began September of 2010 due to the fact that Liberia still depend heavily on imports to meet its domestic consumption requirements.

GLOBAL TRENDS IN PRICE OF RICE AND RUBBER

In Liberia, a country in which rice imports currently represent about two thirds of estimated national consumption requirement, local market prices continue to reflect worldwide price levels and trends. In its October issue, InterRice reported that world prices remained climbing due to uncertainties about the future harvest, since floods sharply affected many rice regions in South and Southeast Asia. The global rice price index in October rose by 11 points to 228.5 points against 217.5 points in September. By the beginning of November, the IPO index was at 234 points. The exportable supply is still enough, but the situation may get worse because countries may use their stocks in order to meet current needs, such that stocks will have to be rebuilt within few months. Therefore, 2011 may be a critical year with high prices. Nevertheless, the extent to which prices will rise depends on the exportable supply and possible voluntary export bans by the world’s main exporters. Meanwhile, there are no indications that there will be massive restrictions, as in 2007 and 2008.

The global price of natural rubber, the raw material used in tires, condoms and gloves, has surged to an all-time high after worst floods in decades hit Thailand, the largest producer which accounts for 31 percent of global natural rubber output. Many analysts believe the tightness in the rubber market is unlikely to be temporary. Demand is growing apace, driven by voracious consumption in emerging markets, led by China. The country’s consumption of truck tyres in new vehicles – each of which uses about 20 kg of rubber – grew 57 percent in the first nine months of this year compared to 2009. At the same time, persistent underinvestment into new rubber supply means that tightness is likely to continue on reports that a large proportion of existing rubber-yielding trees in major producing countries were planted in the 1980s, meaning they are at a stage when yields start declining. The possibility for any marked change in supply scenario is remote in 2011 as the yielding area is unlikely to expand before 2012.

PRICES OF OTHER COMMODITIES

The price of Liberia’s most important export crops – natural rubber and cocoa continued a bull run on domestic markets because of growing prices on the global market due to tight supplies.

The graph on the left illustrates the current price of natural rubber in five major markets in rural areas compared to same period in 2009. The continued increasing trend witnessed over the previous one year may continue to be elevated in the near future and this could cause price...
increases around the globe and domestic markets. This could mean better terms of trade for rubber tappers and a boost to the local economy. Palm oil, an essential ingredient in most Liberian’s diet showed an increase in price in all markets across the country compared to the same period in October 2009. This observation could be associated with the strong demand for palm oil in cross-border trade activities with neighboring countries.

Retail prices for Cassava, the second most consumed staple in Liberia, revealed relatively lower prices in 2010 in comparison to 2009. The decrease could be attributed to the decline in imported rice prices in the past one year. Many rural households prefer rice to cassava especially when the price of rice is relatively cheaper on the local markets. Charcoal appeared to be more expensive in 2010 than it was in 2009. Farmers in most charcoal producing areas have temporarily shifted from burning charcoal to the new seasonal rice harvest. This in effect could be responsible for price differentials reflected in the Figure 3 below.

The current price of fuel like other commodities reported an increase in all markets in the past one year. Fuel is considerably more expensive in Foya and Voinjama (Lofa County) and also Pleeb market in the southeastern region. The increase in the price of fuel coupled with related fees/charges in addition to the deplorable roads are creating problems for rural inhabitants.

The exchange rate (1 USD to 70 LD) of the US dollars and the domestic currency appears to be relatively stable during the period under review (October 2009-10). This can be explained by the fact that United States dollar remained relatively stable at international level for the past one year.

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

The Terms of Trade presented in the graph indicate the quantity of imported butter rice in kilograms, which can be purchased in each market by selling one gallon of palm oil. Many households in Liberia produce some quantity of palm oil that is partly sold on the market. In October, with the exception of Foya, all other markets have experienced an improvement in the Terms of Trade for palm oil compared to October 2009. Palm oil producers in general appear to experience more favourable Terms of Trade with Tubmanburg recording the biggest
improvement in TOT in the period. Many of the poorest households rely on wage labour for livelihood. In October, the dominant agricultural activity in rural Liberia was harvesting, while construction work remained the dominant source of casual employment in Monrovia and Buchanan. Both men and women have started harvesting their farm land in some areas especially in the neighborhoods of Pleebo and Zwedru markets. In general, TOT relatively decline in some markets and improved in other areas between 2009 and 2010. The high price in the case of Foya is responsible for the decline in TOT.

Terms of trade was also calculated for rice against rubber. As shown in Figure 6, terms of trade is favourable for small holder rubber producers this year than it was in the previous year. In all markets, TOT for small holder rubber producers indicated at least a double improvement. The natural rubber supply shortage has increased demand significantly this year as compared to 2009. This is also in line with global market trends which favours rubber plantation labourers and could continue experiencing improving terms of trade into next year.

OUTLOOK AND CONCLUSION

With the periodic local rice harvest beginning in most rural areas this month, many farming households who previously relied on imported rice as a result of unavailable food stock at household’s levels will experience some sign of relief, though for a limited period. The lack of purchasing power by poorer households (depends only on rice production as the main source of livelihood) to access the most common staple, rice, renders them vulnerable due to increased dependency on imported rice and limited markets access especially during the rainy seasons. The price of imported rice is expected to decline as the forthcoming harvest of country rice is likely to reduce demand for imported types.

The continued rainfall is rendering road transport difficult and costly in the South Eastern parts of the country as well as in Lofa and Gbarpolu counties. This results in relatively high prices, and low Terms of Trade for labour and locally produced commodities. Thus, food security in these counties remains precarious, and requires continued surveillance.

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