



INTRODUCTION

The Liberia Market Price Monitor¹ 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 from February to April 2011. It also highlights some key findings of an Emergency Food Security and Market Assessment conducted to establish the impact of the high commodity prices and refugee influx on household food security and markets in Liberia.

Highlights

- **Imported rice prices increasing faster than expected in Liberia. This is an unexpected development, as global rice prices have remained stable;**
- **Rising food and fuel prices threatens household food security of many Liberians especially in counties hosting refugees and urban households;**
- **Domestic rubber prices continue with an upward trend in line with world rubber prices;**
- **Rubber and palm oil producers continue to experience favorable terms of trade and improved food access benefiting smallholder farmers in rural areas with significant palm oil production.**

NOMINAL "WHOLESALE" PRICE OF IMPORTED RICE:

Table 2: Price changes for 50kg bag of imported rice (April 2010 -April 2011)

	Apr-10	Apr-11	% change
Buchanan	1,779	2,350	32%
Bo Waterside	1,871	2,325	24%
Pleebo	2,550	3,000	18%
Red Light	1,625	2,300	41%
Saclepea	1,747	2,350	35%
Tubmanburg	1,747	2,400	37%
Zwedru	2,221	2,600	17%
Gbarnga	1,929	2,450	27%
Voinjama	2,383	2,667	12%

Current domestic retail prices of imported "butter" rice have increased during the past year in all markets of Liberia. Butter rice accounts for nearly two-thirds of imported rice consumed in the country. Across the board, there has been a price rise of between 12 and 41 percent (mean increment of 30 percent) above the April 2010 prices (see Table 2). Monrovia has witnessed the most dramatic price rise over the period. However, it is still cheaper to buy imported rice in Monrovia than any other place in Liberia.

Price increases in Liberia are occurring despite fairly stable global prices for rice. Traders are indicating that current stock orders will arrive at substantially increased prices further deepening the domestic price prospects.

Table 2 shows that markets in Maryland, Lofa and Grand

Gedeh Counties report substantially higher prices than markets in Central Liberia. The price of a 50kg bag of rice is 36 percent and 18 percent higher in Maryland and Grand Gedeh County respectively than the price of the same quantity in Monrovia. The influx of refugees has increased localized demand. Farming communities are already

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.

reporting depletion of their rice stocks even before the typical onset of lean season, meaning that most poor households will rely on local markets to buy imported rice and other food products as soon as May, and continue to rely on these purchases until the next harvest in September-October. The pressure on Liberia's food markets due to rising crude oil prices and other concurrent factors is likely to worsen household food security as the country begins the lean season.

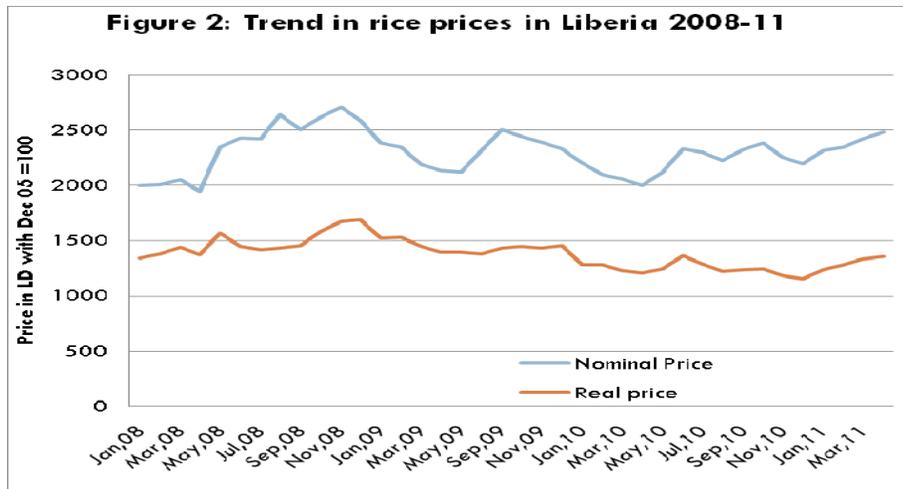


Figure 2 shows trends in nominal and real prices of imported butter rice between January 2008 and April 2011. The price of imported butter rice reached peak levels both in real and nominal terms in November 2008 followed by a downward trend until September 2009 when there was a renewed upsurge in prices. Currently domestic prices are substantially higher than pre-2008 levels. Despite the stable global rice price,

domestic rice prices are increasing faster in Liberia.

Impact of High commodity prices and Refugee Influx on Food Access and Local Markets

Household food security has already deteriorated sharply in urban and peri-urban Monrovia and the trend may continue unless immediate mitigation measures are put in place, an observation attributed to continued rise of the costs of transport; poor market integration restrict movement of commodities; likely incidences of diseases etc as the rainy season starts. Additional demands for food and service in refugee hosting counties (as refugees indicated that they will not return back any time soon) is likely to maintain the prevailing pressure on prices.

Current cross-border trade is limited due to instability in Ivory Coast and restrictions of food exports by the Mano River Countries. However, there is increased palm oil demand by Guinean traders—a major income source for smallholders especially in Lofa and parts of Nimba.

GLOBAL TRENDS IN PRICE OF RICE AND RUBBER

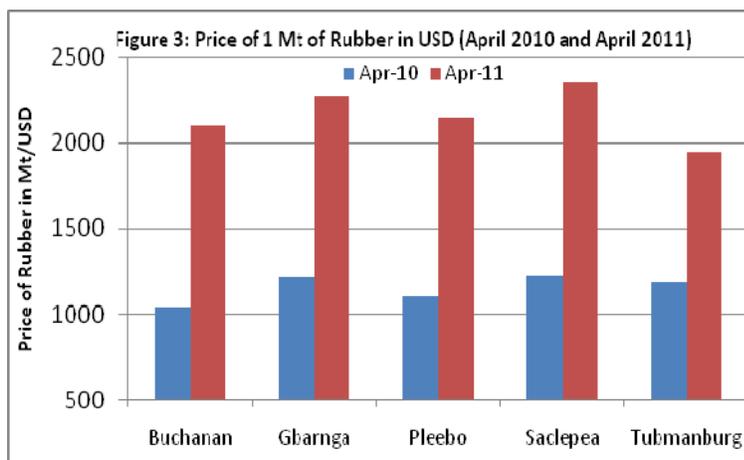
In February and March 2011, the world rubber and rice prices strongly resisted to tensions that different food and energy markets are going through. Globally, rice export supply is large, despite possible restrictions from Myanmar. Supply is likely to remain enough in relation to world demand, which tends to stay steady in 2011. Nevertheless, there are concerns of what would be the reaction of Asian governments in face of the inflationary pressures on food and energy prices currently observed in domestic markets. Many believe that new ban on rice exports are possible as an anti-inflationary measure, just like in 2008. However, for the time being, this crisis scenario seems to be not so close. World prices may even fall further in the following months, if good harvest conditions are confirmed in the main Asian countries. If weather conditions remain normal worldwide, the downward trend in international prices could continue in the coming months. As of April 2011, world prices were relatively stable. Export availabilities are still abundant and the world outlook is optimistic. In Thailand and the United States, export prices decreased once again within a very active market. In 2011, the world demand is expected to grow due to oversupply, but also because of the high prices of wheat, especially in Asia. This could simulate a transfer of consumption to rice.²

² <http://www.infoarroz.org>

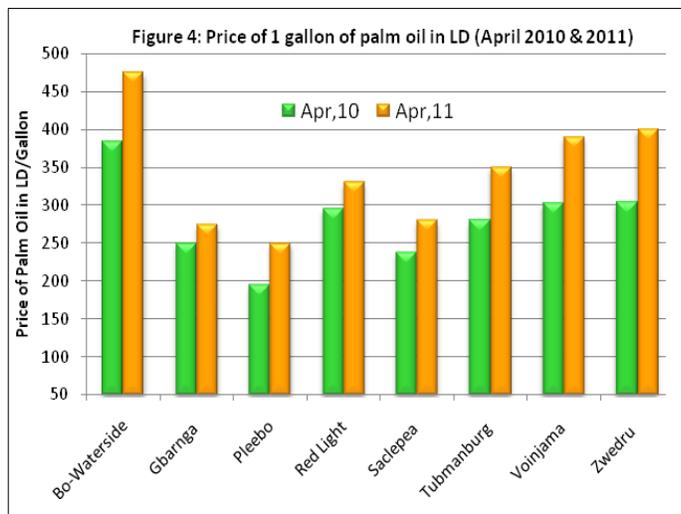
Natural rubber (NR) inventories remain tight around the world, but political unrest in the Middle East and continuing nuclear worries in Japan are balancing tight supplies with soft demand, according to March 2011 figures from the Association of Natural Rubber Producing Countries (ANRPC). NR prices fell drastically after the March 11 earthquake and tsunami in Japan, but recovered in two market days because of low production during the “wintering” months.

In April, demand for natural rubber remained strong, especially in China. Floods in Thailand, world’s largest exporter have also impacted the supply of commodity used in tyres and rising crude oil prices are also supporting the rubber prices. In response, supply is expected to increase in the next three months, according to new data published by ANRPC in the April issue of its publication, Natural Rubber Trends & Statistics. Total production of NR from members of the ANRPC is expected to touch 651,000 tons during April this year, up 7.9 percent from a year earlier and 753,000 tons in May. During second quarter (April-June), the production is anticipated to rise 10.5 percent from a year before. Demand, however, is also rising. China is anticipated to consume 945,000 tons of natural rubber during the second quarter (April-June) as compared to 734,000 tons in the first quarter. The country is expected to import 270,000 tons of natural rubber during April and 235,000 tons during May.³

PRICES OF OTHER COMMODITIES



The prices of the main cash crop – natural rubber continue to push up in domestic markets in line with global rubber trends. Tightness in supply (largely due to seasonal wintering of trees) and strong demand can explain the increase. The current price of rubber on the local markets has doubled compared to a year ago (see Figure 3). The prevailing rubber price offers an opportunity to boost government’s revenue.



Palm oil, a major income source for smallholders especially in Lofa and parts of Nimba, reported increased prices in all markets in comparison to the same period last year (Figure 4). Increasing transport costs as a result of high gasoline prices coupled with growing regional demand especially by Guinean traders are factors responsible for rising prices. Palm oil prices are expected to increase in the coming months due to low seasonal availability owing to the effects of the rainy season.

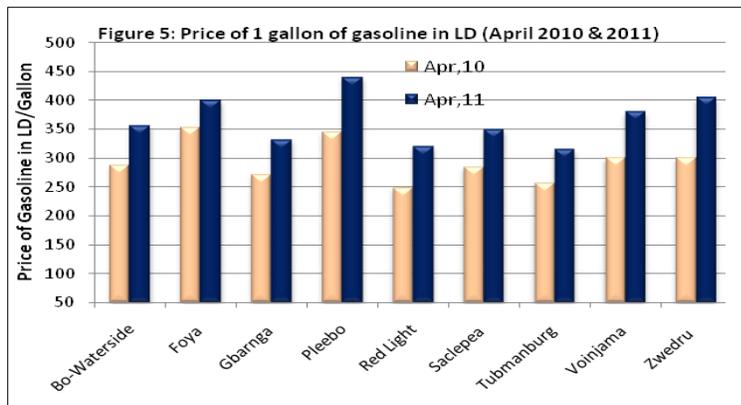
Local price of gasoline has also risen across all markets compared to the same period in 2010 (see Figure 5), an observation associated with the concurrent high fuel prices due to the political unrest in the Middle East. The increase has translated to high transport costs leading to rapid price increase in staples and other basic

commodities. The rise in charcoal prices is also a reflection of high gasoline prices as it has to be transported to markets.

³ European Rubber Journal, April 28, 2011)

LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

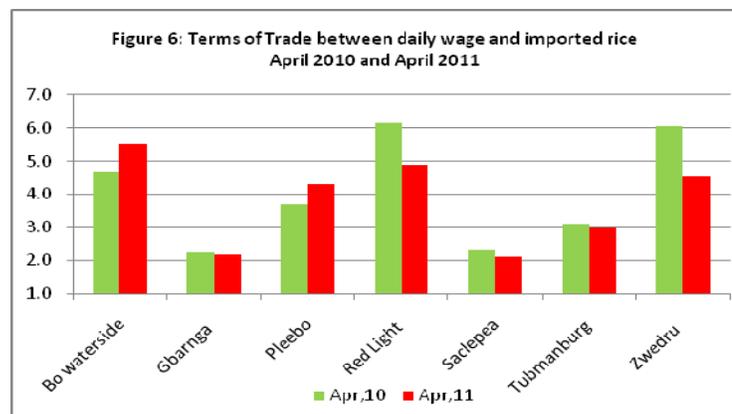


TERMS OF TRADE (TOT) BETWEEN WAGE RATES AND IMPORTED RICE

The terms of trade (TOT) reported here reflect the amount of rice in kilogram that households may purchase in exchange of earnings from their daily work either in construction (Red Light and Buchanan Markets) or in agricultural (currently brushing, primarily undertaken by men) or the production of a 50 kg bag of charcoal in

the case of Tubmanburg Market.

Figure 6 shows that terms of trade for casual labourers in exchange for a kilogram of rice has deteriorated in Saclepea and Zwedru Markets in comparison to the same period last year. The markets are located in counties of Nimba and Grand Gedeh which have been witnessed huge refugee influxes. Refugees are highly vulnerable and are ready to take on any income generating activity. The host communities are offering them opportunities at reduced labour rates thus impacting on the general labour market within these areas. The decline in TOT in Red Light market, Monrovia is a reflection of increasing rice prices against relatively stable wage rates since 2011. On the other hand, the period noted an improving terms of trade for rubber producers—a positive indication for household food security especially for smallholders in Grand Bassa, Margibi, Maryland and Nimba Counties..



OUTLOOK AND CONCLUSION

The rising costs of fuel are likely to continue with an upward pressure on prices in Liberia's food market. Household food security will likely deteriorate further, unless immediate mitigation measures are put in place. The peri-urban and urban poor will continue to bear the brunt of the rising prices. Communities hosting refugees are also facing the double burden both refugees and the rising commodity prices and their food security situation may worsen further during the lean season.

Prices for imported foods may increase significantly in the coming months with the combination of higher than normal domestic demand (refugee influx) and increasing food and fuel prices. Households that have consumed seed stocks will face additional expenditures in April-May to replenish seed stocks. Host communities and refugees are also likely to compete for agricultural labor opportunities and agricultural land, a key source of food and income between May and October. These conditions will likely depress wages and lead to a decline in terms of trade for labourers. Already labor prices have decreased by about 15 percent since the refugee influx. The Ministry of Agriculture, in collaboration with its partners, will continue to closely monitor food prices in the country.

FOR MORE INFORMATION CONTACT

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