INTRODUCTION

The October edition of the Liberia Market Price Monitor\(^1\) provides a synopsis of the rapidly changing prices and food security situation in wake of tightening food markets arising from high global prices of essential commodities.

**Highlights**

- Domestic prices of imported rice remain tight despite the decline on international rice market and start of periodic local rice harvest in the Liberia.
- Fall in global rice price due to large supplies, slightly stronger dollar and better crop prospects.
- Casual laborers and palm oil producers experience unfavorable terms of trade due to rising prices for imported rice.

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

The month of October is witnessing the periodic rice harvest across the country and locally produced rice is re-appearing in the markets, but only sold directly to consumers in “salmon cups” (tins weighing 200-500g). Local rice production has made steady improvements over the past four years with the latest forecast from the ongoing Annual Crop Assessment indicating that production of paddy (unprocessed) rice will rise by two percent in 2011 season up from 2010 paddy rice production of 296,000 Mt. The forecasted increase in paddy production in 2011 is mainly accounted for by concerted government and supporting partners’ programmes that aim at promoting local production through actions like provision of farm inputs, rehabilitation of lowland farmlands and increasing investment in marketing infrastructures among others. The increasing investment has seen high-potential rice growing areas such as Foya District (Lofa County) are recording marketable surpluses for local markets during and post harvest season. However, the on-going assessment is also forecasting a reduction in production within the southeastern counties—mainly attributed to late onset of rains and partly due to pressure from refugees. In the month of October, local rice was mainly seen in rural markets while the urban areas remained dominated by imported rice.

**Table 1: Nominal Price changes for 50kg bag of imported “Butter” rice in LD (October 2010 - October 2011)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Oct-10</th>
<th>Sep-11</th>
<th>Oct-11</th>
<th>Change from one month earlier</th>
<th>Change from one year earlier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buchanan</td>
<td>1942</td>
<td>2,600</td>
<td></td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Pleebo</td>
<td>3,000</td>
<td>2,950</td>
<td>3,000</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Red Light</td>
<td>1,902</td>
<td>2,512</td>
<td>2,856</td>
<td>14%</td>
<td>50%</td>
</tr>
<tr>
<td>Voinjama</td>
<td>2,385</td>
<td>3,100</td>
<td>3,303</td>
<td>7%</td>
<td>38%</td>
</tr>
<tr>
<td>Zwedru</td>
<td>2525</td>
<td>2,608</td>
<td></td>
<td></td>
<td>3%</td>
</tr>
</tbody>
</table>

In most Liberian markets, prices of imported ‘butter” rice increased compared to the same period in 2010 with Red Light mMarket in Monrovia and Voinjama in Lofa County experiencing the biggest increases. The increases are mainly a reflection of global price increases combined by domestic pressures on the scarce commodity—e.g. a result of refugee

\(^1\) 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 and funding from the World Food Programme (WFP). 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.
influx. The exception is Pleebo market which showed stability, though at higher levels than what was recorded in other markets. There have also been rice price increases between September and October 2011 still with Red Light and Voinjama markets recording the highest increases of 14% and 7% correspondingly. Prices of imported rice are increasing at a time when local rice harvest is taking place across the country. At this time of the year, prices of imported rice typically start to decline in domestic markets as rural folks shift their demand to local produce. The persistent high prices of the imported rice is therefore not a good signal to the economy, though not surprising as most traders indicate that they had not exhausted sales of previous stocks (acquired before the current downward pressure on prices at the global scene). as typical, most expensive markets are located in remote areas of the country (Pleebo in Southeast and Voinjama and Foya in Lofa Count), areas with poor road transport links and are therefore poorly integrated with the rest of the country.

GLOBAL TRENDS IN PRICE OF RICE

In October 2011, the world prices went down due to large supplies and a slightly stronger dollar. Furthermore, it is unlikely that the new domestic price policy in Thailand reflects strong consequences at the international level, at least until now. The large supplies saw the Asian competitors that are commercially more aggressive in the export markets lowering their prices. Buyers are becoming more comfortable as the prospects for 2012 are quite optimistic. According to FAO, the outlook for global rice production in 2011 has improved over the past two months with latest forecast raised by 1.6 million tonnes to 480.5 million tonnes (milled rice basis), 3 percent up from 2010. Much of the improvement not only reflects better crop prospects in China and Egypt, but also in Argentina, Cambodia, Mozambique, the Russian Federation and the United States. Production in Asia is anticipated to expand by 2.9 percent, driven by generally favorable growing conditions and attractive prices. The increase is foreseen in all the major rice producing countries, particularly Bangladesh, China, India and Indonesia. Moreover, favorable production condition is also expected in Cambodia, the Philippines, Thailand and Vietnam.2 There was a slight decrease in the OSIRIZ price index for rice by 1.6 points from 269.9 points in September to the current 268.3 points. By early November, the IPO index was expected to hit around 267 points.3

PRICES OF OTHER COMMODITIES

Palm oil, an essential ingredient in most Liberian’s diet saw an increase in prices in all markets across the country compared to a year earlier with the exception of Saclepea market that experienced stability during the period. The rise in price is attributed to the significant cross-border trade in palm oil between Liberia and neighboring countries especially Guinea. Ganta in Nimba County is one of the largest regional palm oil markets within the Mano River basin handling an estimated 90,000 litres of palm oil every week. The market links Liberian producers to urban consumers in Guinea

2 FAO Crop Prospects and Food Situation Report – October 2011
3 InterRice October 2011, www.infoarroz.org
but also as far as Dakar, Senegal, where the retail price of palm oil is as much as twice that of Liberia, illustrating the incentive to export the commodity to markets in the north.

The retail price of gasoline remained relatively stable between September and October 2011 with exception of Voinjama and Foya markets. Although there has been a decline in fuel prices on the world markets (partly contributed to by re-entry of Libya in crude oil production after months of political unrest), this has not been reflected in domestic markets. This could be a factor of dealers still trading on old stocks that were acquired at higher prices but could also be influenced by rigidity of traders in adjusting prices downwards.

Prices of cassava, the second major staple, have increased over the past one year. As shown in Figure 2, Red Light market reported the most striking price increase of 1,285 LD/50kg bag, the highest since January 2009. It remains unclear as to whether this steep price rise in Monrovia is a unique shift of urban consumers to increased cassava intake while reducing rice whose prices in 2011 have persistently been high. The rise in price was also reflected in Saclepea, Pleebo and Zwedru markets. Apart from Red light, the rest of these markets are located in counties of Nimba, Maryland and Grand Gedeh which have witnessed huge refugee influxes and subsequent increased demand for food commodities.

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

Many of the poorest households depend on wage labour for their livelihood. At this time of the year, the dominant agriculture activity in rural Liberia is harvesting, while construction work remained the main source of casual employment in Monrovia and Buchanan. Both men and women have started harvesting their crops across the country. With exception of Pleebo market, casual labourers in the agriculture sector are experiencing deteriorating terms of trade in the previous year. On average, the

<table>
<thead>
<tr>
<th>Markets</th>
<th>Oct-10</th>
<th>Oct-11</th>
<th>Main Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buchanan</td>
<td>4.9</td>
<td>4.1</td>
<td>Construction</td>
</tr>
<tr>
<td>Pleebo</td>
<td>3.8</td>
<td>4.2</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Red Light</td>
<td>5.8</td>
<td>5.9</td>
<td>Construction</td>
</tr>
<tr>
<td>Voinjama</td>
<td>3.0</td>
<td>1.8</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Zwedru</td>
<td>4.5</td>
<td>3.2</td>
<td>Agriculture</td>
</tr>
</tbody>
</table>
prevailing a day’s labour is fetching 0.5 to 1kg less rice than a day’s labour wate in the same period 2010. The high prices of imported rice with no corresponding increases in cost of labour are responsible for the poor terms of trade in 2011 by a large measure.

Many households in Liberia also produce palm oil partly to consume but also to sell in the markets. The Terms of Trade presented in the figure 3 indicates the quantity of imported butter rice in kilograms, which can be purchased in each market by selling one gallon of palm oil. There was a general decline in terms of trade in most markets between 2010 and 2011. With the exception of Pleebo, all other markets have experienced unfavorable terms of trade for palm oil compared to October 2010. This is purely a reflection of increases in the price of imported rice at a faster rate than that of palm oil.

OUTLOOK AND CONCLUSION
Seasonal harvest is ongoing in rural parts of Liberia, with some markets already reporting entry of local produce. More local produce is therefore expected in the markets in the coming months that may lead to a significant decline in prices of the staple food commodities. Significantly, prices of rice are expected to decline—due to entry of the seasonal local produce into the markets as well as the effects of declining pressure on prices at the global level. The country is therefore expecting a reprieve in prices in most areas including in urban Monrovia.

However, of increased concern will be southeastern counties where continued refugee presence maintains pressure on prices on food commodities. Ongoing crop assessment is also forecasting reduction in local rice production in southeast due to the late rains. This may hasten the onset of hunger season in these counties unless adequate safety net measures are implemented to forestall possible negative outcome.

The government of Liberia through the Ministry of Agriculture and the Liberia Institute of Statistics and Geo-Information Services (LISGIS) in collaboration with its partners will continue to closely monitor food prices in the country.

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