

# LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities



## INTRODUCTION

The November edition of the Liberia Market Price Monitor<sup>1</sup> provides a synopsis on price changes for 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.

### Highlights

- Prices of imported rice is declining at a slower rate than expected amidst the entry of seasonal locally produce rice in the domestic markets.
- Global rice prices continue to decline confirming export surpluses.
- Charcoal shortage hits Monrovia, leads to hike in price.
- Casual laborers continue to experience poor terms of trade due to high prices for imported rice.

## NOMINAL "WHOLESALE" PRICE OF IMPORTED RICE

	Nov-10	Oct-11	Nov-11	Change from one month earlier	Change from one year earlier
Bo-Waterside	2,000	2,508	2,575	3%	29%
Buchanan	1,875	2,500	2,448	-2%	31%
Foya		3,083	2,997	-3%	
Red Light	1,985	2,723	2,761	1%	39%
Saclepea	2,181	2,833	2,900	2%	33%
Tubmanburg	1,877	2,950	2,942	0%	57%
Voinjama	2,358	2,619	2,606	-1%	10%
Zwedru	2,500	3,025	3,195	6%	28%

The month of November marks the peak of the periodic rice harvest across Liberia characterized by farmers selling most of their local produce at lower prices when compared to normal (poor households usually sell their rice soon after harvest when the price is very low and have to purchase rice in the rainy season when prices are

substantially high). Many farmers sell their rice in order to meet financial and basic social needs as well as spend on festival activities at the end of the year. During local harvests, demand for imported rice is usually low especially in rural Liberia. However, in most rural areas this year, rice prices have not exhibited a normal seasonal decline. As illustrated in Table 1, prices of imported "Parboiled rice" in most Liberian markets have either slightly declined or remain stable with the exception of Zwedru market that showed a rise of 6% when compared to a month ago. Foya market in Lofa County (a high-potential rice growing region) reported the highest decline of three percent (3%) between October and November followed by Buchanan and Voinjama markets, mainly attributed to the entry of locally produced rice in the market and reduced demand for imported types. Despite the recent stabilization of

<sup>1</sup> 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 11 of the largest food markets in 9 different counties.

# LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

domestic prices, rice prices are currently still higher compared to a year ago with Tubmanburg and Red Light markets reporting the biggest increases of 57% and 39% respectively. It is also important to note that Table 1 above reflect prices of Imported “Parboiled” rice as oppose to the usual “butter” rice used in previous bulletins and may not be directly comparable with price series of “butter” rice. Parboiled rice is currently the most dominant on the domestic market compared to other imported brands and consumers demand has actually shifted in line with this variety due to diminishing imports of “butter rice” from China. The availability of rice in markets has further improved since October as harvests have continued and trade flows supplied consumer markets.

## GLOBAL TRENDS IN PRICE OF RICE

Price of rice dropped slightly at 0.5 points in October from 267.1 points to 266.6 points in November. The Global Price index demonstrated further decreases at the beginning of December confirming export surpluses due to improve growing conditions in major Asian rice producing countries. The world prices continued to fall in all the markets, except in Thailand, where the new price policy and October’s strong floods contributed to keep very high prices in relation to Asian main competitors. These countries have reduced their prices, enlarging the gap in relation to Thailand. The United States rice prices have followed the Asian trend, so that they are lower than Thai prices. In the coming months, the world prices may go on the downward trend due to export surpluses and the smaller global rice trade expected for 2012. This is the logical consequence of an increasing global production and stocks, which may reach the highest level of the past ten years. According to FAO, the world production in 2010 reached 700 million tons (467Mt of white rice) against 683Mt of paddy rice in 2009, an increase of 2.3%. Harvests have improved in almost all rice growing regions because of an extension of planted areas, which reach around 163Mha. The projections for the 2011 season indicate a new production record to 723Mt (482.4 Mt of white rice), up by 3.4%. This increase will be concentrated in major Asian rice producing countries, especially China, India and Indonesia, who sum up to two-thirds of world production.<sup>2</sup>

## PRICES OF OTHER COMMODITIES

Market	Nov-10	Oct-11	Nov-11	% Change one month ago	% Change one year ago
Bo-Waterside	463	485	458	<b>-5%</b>	<b>5%</b>
Buchanan	338	375	382	<b>2%</b>	<b>11%</b>
Foya	493	430	430	<b>0%</b>	<b>-13%</b>
Red Light	303	372	412	<b>11%</b>	<b>23%</b>
Saclepea	360	290	300	<b>3%</b>	<b>-19%</b>
Voinjama	442	463	464	<b>0%</b>	<b>5%</b>
Zwedru	367	400	425	<b>6%</b>	<b>9%</b>

The retail price of Palm oil exhibited stability between October and November with the exception of Red Light and Zwedru markets that reported an increase of 11% and 6% correspondingly. The price rise in both markets is linked to the huge demand and high transport cost associated with from where it is produced to Red Light market in Monrovia and Zwedru market in Grand Gedeh County which

relies heavily on neighboring Nimba for most of their palm oil supply. Around this time of the year, palm oil supply in most markets is usually still low as majority of the palm oil producers are currently engaged in under-brushing on their farms while few have begun harvesting and production. According to the Liberia Market Review 2007, palm oil prices are lower during the dry season, in particular from March to May when the market is flooded with palm nuts. Prices are very high from June to October.

<sup>2</sup> InterRice November 2011, www.infoarroz.org

# LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

The local price of gasoline slightly declined or were stable in most of the domestic markets between October and November (see Table 3), an observation possibly linked to the recent decline in oil prices on the international market. Despite the ease in gasoline prices, transportation costs are still high compared to a year ago contributing to the general price increase for food and other basic commodities. In most instances, many commercial drivers are usually reluctant in adjusting their prices when the pump price of gasoline drops.

Markets	Nov-10	Oct-11	Nov-11	% Change one month ago	% Change one year ago
Bo-Waterside	300	350	360	3%	20%
Buchanan	260		338		30%
Foya	400	400	400	0%	0%
Red Light	258	333	308	-7%	19%
Saclepea	287	357	357	0%	25%
Tubmanburg	260	330	320	-3%	23%
Voinjama	368	400	370	-8%	0%
Zwedru	329	390	400	3%	22%

Markets	Nov-10	Oct-11	Nov-11	% Change one month ago	% Change one year ago
Bo waterside	125	154	152	-2%	23%
Buchanan	153	217	249	15%	41%
Foya	145	135	130	-4%	-7%
Red Light	192	285	325	14%	49%
Saclepea	114	150	150	0%	31%
Voinjama	165	200	190	-5%	21%
Zwedru	217	233	225	-4%	8%

Liberia's main energy source is charcoal and fire wood for use in cooking, heating homes, heating water and lighting for some forest-dependent residents. Charcoal is also produced in most rural parts of the country as a complementary source of income for households especially for majority of the people residing in Tubmanburg and Bo-waterside who depend considerably on charcoal production as a means of livelihood. Table 4 shows that current

prices of charcoal are higher in all domestic markets across Liberia compared to the previous year with the exception of Foya market in Northern Liberia. Red Light market in Monrovia and Buchanan market in Grand Bassa County reported the most dramatic increase of 49% and 41% respectively. It is also important to note that both markets reported a significant price increase of 14% and 15% between October and November. The shortage of charcoal followed by the huge demand can point to the increasing prices in both markets. Overall, the price shift in charcoal in 2011 can be explained by the increase in the use of charcoal and deforestation resulting from the clearing of the last remaining secondary forest and lowland areas close to Monrovia city.

The rate of deforestation instantly increased to within 50 to 75 miles from Monrovia extending into Bomi, Grand Cape Mount, Gbapolu, Margibi and Grand Bassa Counties. At first the suppliers of charcoal to the city of Monrovia were producing charcoal from old rubber trees, right within Monrovia and its environs. However, since 2005 many of the rubber farmers have sold out all their trees depleting all the trees nearby. Producers do not have trees to fell for burning any more around Monrovia. Most if not all, have to travel more than 60 miles in search for trees and furthermore have to pay for a lease from a community or personal forest owner, thus making charcoal production very expensive. In addition, the high increase in the price of gasoline and the labor fees involved are other factors responsible for the increase in charcoal this year. Retailers on the other hand, have to travel long distances to purchase from the producers making the market hard for both producers and consumers. They also spend money on lodging, feeding, Forestry Development Authority (FDA) label fees and the increase of transportation from the purchase site by truck drivers.

# LIBERIA MARKET PRICE MONITOR

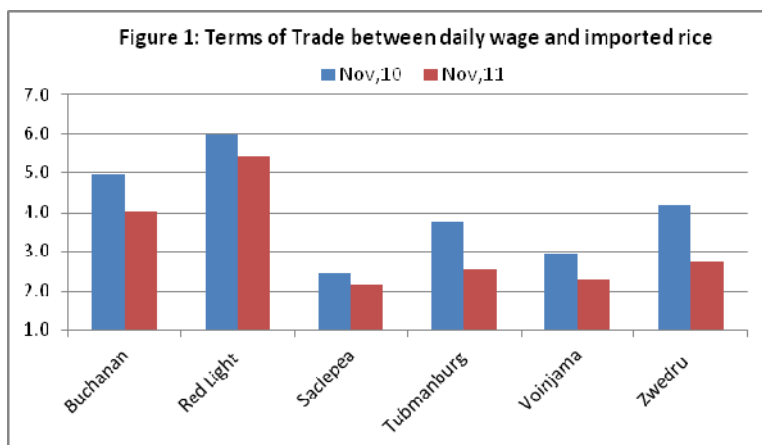
A monthly price analysis of food and other essential commodities

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

Figure 1 illustrates the amount of rice in kilograms a household will purchase in exchange of earnings from their daily labour from construction work in Red Light and Buchanan Markets, and agriculture labour primarily rice harvesting predominantly carried out by women.

Figure 1 show that terms of trade in all markets declined in November 2011 compared to the same period in 2010. On average, a casual labour prevailing

day's labour is obtaining 0.8 to 1 kg less rice than a day's labour wage in the same period in 2010. The high prices of imported rice with no correlated increase in the cost of labour are responsible for the decline in TOT across the country.



## OUTLOOK AND CONCLUSION

Household food availability and access is expected to improve in the short term as the periodic local rice harvest in rural areas seems to be satisfactory, with the exception of counties in the southeast, where projections by the ongoing crop assessment is reporting a decrease in local rice production, an observation attributed to late rains. Meanwhile, demand for imported rice especially in regions with good harvest may reduce considerably leading to decline in rice prices, while TOT is expected to improve for some casual labours and palm oil producers.

The global outlook of rice export prices in 2012 is likely to be better than last year because of improve growing conditions in major Asian rice producing countries. World prices in the coming months may go on the downward trend due to export surpluses.

The prolonged rainfall in some remote parts of the country is making road transport difficult and costly. This usually leads to relatively high prices, low Terms of Trade for labour and locally produced commodities. In addition, is the continued presence of refugees in southeastern Liberia which could maintain pressure on prices of food commodities. Thus, households may experience the lean season earlier than usual unless adequate safety net measures are employed to prevent impending negative effect.

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.

### FOR MORE INFORMATION CONTACT

1. Food Security and Nutrition Secretariat, Ministry of Agriculture, Email [tdkoiwou@yahoo.com](mailto:tdkoiwou@yahoo.com) on 2316 550237 or [sayb.tambyawa@gmail.com](mailto:sayb.tambyawa@gmail.com) on 2316914915
2. Price Statistics Section, LISGIS, E-mail: [Mariah.quaye@lisgis.org](mailto:Mariah.quaye@lisgis.org), Tel. +231 6560087
3. WFP VAM Unit, E mail: [emmanuel.anderson@wfp.org](mailto:emmanuel.anderson@wfp.org) or [bernard.owadi@wfp.org](mailto:bernard.owadi@wfp.org) on Tel 231 5530 588/9/90