INTRODUCTION

The January 2012 edition of the Liberia Market Price Monitor\(^1\) summarizes trends in local prices of food and other essential commodities in the wake of high and volatile fuel prices on the global markets. It compares prices on the domestic markets this month to a year ago, as well as comparisons of prices on a month by month basis.

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<th>Highlights</th>
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<td>The price of 50kg bag of imported parboiled rice is considerably more expensive in central, western and eastern Liberia. A month ago the price in Zwedru was 10 percent lower; as compared to a year ago, prices in Zwedru and Tubmanburg in January 2012 increased to 60 and 48 percent respectively.</td>
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<td>The price of a bag of charcoal continues to rise in most of the markets across Liberia, as compare to a year ago. The price in Buchanan is extremely high, while the price in Zwedru has become higher than the prices a month ago.</td>
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<td>Fuel prices have also risen up to 15% average compared to prices in January last year, this change could affect the prices of essential goods such as imported rice, especially in areas with difficult transport or road conditions.</td>
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<td>Terms of Trade between wage labor rates and rice as well as palm oil and rice deteriorated during the course of last year. This undermines the ability of palm oil producers to enough food, and especially rice supply in their households.</td>
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NOMINAL “WHOLESALE” PRICE OF IMPORTED RICE:
The prices of 50kg bag of imported parboiled rice rose considerably this year compared to prices in January of last year. Alarming price increases, 9% in Tubmanburg, 48% in Zwedru and 43% in Gbarnga could have severe consequences on access to food and households’ purchasing power especially the refugee communities near Zwedru. Prices in other areas like Buchanan and Bo-Waterside have also increased moderately, between 15 and 30 percent compared to a year ago. Prices in most of the markets except Zwedru remained relatively stable in January and as compared to a month ago, rice is 10% cheaper in Bo-Waterside and Buchanan. In

\(^1\) 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 11 of the largest food markets in 9 different counties.
Zwedru, the price a month ago also climbed to about 10%. The rising prices could be as a result of the huge demand due to the continued presence of refugees coupled with high transportation costs which makes food and other commodities expensive. Other attributing factors could be the outflow of rice to neighboring Sierra Leone, Guinea and Cote D’Ivoire by cross border trader.

GLOBAL TRENDS IN FOOD AND FUEL PRICES

Global food prices declined at the end of 2011 due to increasing supplies. However, prices remain high and unstable amid increasing demand in deficit areas and where production losses have taken place. Oil prices also remain uncertain and high, and this could lead to increasing demand for biofuels in 2012. At the end of 2011 the price of rice declined slightly due to boost up from India and Pakistan exports which offset increases in the price of Thai rice exports caused by floods and the mortgage price scheme enforced in Thailand, as well as improvement in the value of the US Dollar. Prices of fertilizers became 10% cheaper causing declines in food prices also at the end of 2011 amid volatile oil prices. Food prices in 2012 are expected to remain at acceptable levels due to satisfactory production levels and build up of global carryover stocks at the end of 2011.

LOCAL PRICES OF FUEL AND OTHER COMMODITIES

The price of a gallon of gasoline climbed significantly compared to a year ago. The average price of a gallon of gasoline climbed to L$360 as compared to L$300 in the previous year. This observation is explained by steady increases in global oil prices in recent weeks.

Fuel prices have climbed in Buchanan up to 25 percent and in Wedru up to 15 percent. The lowest price increases have been observed in Red Light (7 percent), Tubmanburg (11 percent) and Bo-Waterside (13 percent). The prices last month remained relatively stable with slight variations between 2 to 3 percent in some of the markets. Wedru reported the highest difference of 5 percent.

The price of a gallon of palm oil this month has risen in comparison to January last year. Major increases in prices have been observed in Saclepea (20%), Buchanan (16%) and Wedru (11%). But as compared to prices in Bo-Waterside, Wedru and Pleebo a year ago, palm oil price in Saclepea market is 40% to 65% cheaper. Meanwhile prices a month ago have slightly decreased or remained stable except in Tubmanburg where there is an increase of 14% this month. Palm oil is currently cheaper in Saclepea followed by Buchanan and Red Light markets. Palm oil is usually expensive in January due to high demands during and after Christmas and New Year celebrations, and period going towards the peak of harvest.
Many of the charcoal producing areas are running out of trees to burn so a bag of charcoal is currently more expensive this month than it was in January 2011. In Buchanan the price of a bag of charcoal is 60% more expensive than its price in the previous year. Prices of bag of charcoal in Red Light, Bo-waterside and Tubmanburg have also increased significantly. The lowest price of charcoal has been reported in Bo-Waterside followed by Tubmanburg. Price in Pleebo a month ago has declined by 5% while it remained relatively stable in the other markets except Zwedru where price has increased by 15%.

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

Comparing this January to a year ago, TOT between agriculture and construction wage labor rates and 1 kg of imported rice has deteriorated except in Pleebo market where there has been slight improvement of less than 1 point. Figure 2 illustrates variations in TOT; Zwedru and Bo-Waterside followed by Buchanan have reported significant differences of at least 2 points. The lowest differences (less than 2 points) in TOT have been observed in Red Light and Tubmanburg. The demand for agricultural labour may be low due to the on-going festivities after the Christmas and New Year holidays.

Figure 3 shows the quantity (in Kg) of rice that can be purchased in each market by selling one gallon of palm oil, which is the main source of income for households in most of the markets monitored. Terms of Trade for palm oil producers deteriorated across all markets in this month compared to January the previous year. Zwedru and Tubmanburg followed by Red Light markets have reported the highest differences in TOT. Slight difference in TOT in Buchanan means that wage labour employment has remained stable since January 2011.

The local currency minimally depreciated from the December 2011 rate of 1 USD to 71 LD to a current level of 1 USD to 72 LD.

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2 The amount of imported rice in kilogram that households purchase in exchange for earnings from their daily labour
OUTLOOK AND CONCLUSION

With the deterioration in TOT between wage labor and rice as well as palm oil and rice could have negative effects; the purchasing power of households whose main income and food sources depend on palm oil production and wage labor provision may have difficulty accessing food in the coming month. The prices of rice and fuel are expected to stabilize or improve in February, which would increase access to food in the markets, except in Zwedru where prices have continued to ascend; price volatility in Zwedru and Pleebo markets in Southeastern Liberia and Tubmanburg should be closely monitored.

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