INTRODUCTION

The February edition of the Liberia Market Price Monitor\(^1\) 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 are still high despite seasonal local rice harvest.
- World rice prices continue to go down.
- Casual laborers continue to experience poor terms of trade due to high prices for imported rice.

### NOMINAL"WHOLESALE” PRICE OF IMPORTED RICE

The month of February witnessed the end of the seasonal rice harvest in Liberia and most farming households’ food stocks may likely not last long enough for consumption due to the poor 2011 harvest (especially in the southeastern region) as a result of change in rainfall patterns. It was noticeable between November and December 2011 (the peak period of local rice harvest) that imported rice did not exhibit the normal seasonal decline. As shown in Table 1, there were mixed responses in prices of imported “Parboiled” rice across most domestic markets with the exception of Foya market in Lofa County (a region noted for high agricultural production) which showed a declining trend due to substantial stocks from harvested produce. Around this time of the year, traders selling imported rice in this region are usually reluctant in restocking their supplies due to the high availability of local rice sold at a relatively cheaper price compared to imported brands. Overall, the retail price of imported “Parboiled” rice in February 2012 either remained stable or increased for some markets. The price increase in the case of Zwedru market is a reflection of transport costs from the points of entry coupled with the unusual high demand due to the huge presence of refugees. The stability in some markets

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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 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.
could be in line with global rice price trend. The availability of rice in markets has further improved since January and trade flows continued to supply consumer markets.

GLOBAL TRENDS IN PRICE OF RICE

In February 2012, the world prices had smaller decreases than it did in the previous months. Prices seem to stabilize as information get clearer about export offers and import demands. India continues to affect world trade by offering the lowest prices in the market. Exporters suffer from aggressive commercial competition with India, especially in sub-Saharan African markets and the Middle East. With a reduction of 7% of world trade in 2012, prices disputes could be reactivated in the coming months. For now, the losers would be Thailand, Vietnam and the United States. While India, and Pakistan in a smaller degree, would increase their exports to perhaps reach the first place in the world ranking. According to FAO, the world production in 2011 may have reached 722 million tons of paddy (481.2 Mt of white rice) against 700Mt in 2010, an increase of 3%. The crops have improved in almost all rice growing regions in the world due to an extension of cultivated areas, which would reach about 164Mha. This increase is concentrated in major producing countries in Asia, especially China, India and Indonesia, who add up to nearly two thirds of world production. The Global Rice Price index declined by only 3.6 points to 236.8 points against 240.4 points in January. In early March, the IPO index was around 236 points.  

PRICES OF OTHER COMMODITIES

The retail price of Palm oil generally remained stable between January and February 2012. Prices are expected to decline in the coming months due to the abundance of palm nuts on the markets followed by huge palm oil 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.

The local price of gasoline exhibited stability in all domestic markets between January and February (see Table 3), an observation possibly linked to global oil market trends. Despite the ease in gasoline prices, transportation costs are relatively higher compared to last year contributing to the general price rise for food and other basic commodities. There are reports that many commercial drivers tend to be reluctant in adjusting their prices in line with the decline in the pump price of gasoline.

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2 InterRice February 2012, www.infoarroz.org
TERMS OF TRADE (TOT) BETWEEN WAGE RATES AND IMPORTED RICE

Table 4 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 felling and brushing predominantly carried out by men.

Table 4 shows that terms of trade in all markets declined in February 2012 compared to the same period in 2011 with the exception of Pleebo market which remained relatively stable. On average, a casual labour prevailing day’s labour is obtaining 0.6 to 1 kg less rice than a day's labour wage in the same period in 2011. 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

The price of local rice is expected to go up beginning April 2012 due to declining availability as most farming households prefer to keep current harvested stock for consumption.

On the global scene, the 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 continue to drop due to export surpluses and aggressive commercial competition (lower prices) by India on the international trade market. With Liberia heavily dependent on rice imports to meet a greater proportion of national consumption requirements, the global downward trend could keep prices within the reach of domestic markets.

However, as the long rains begin, the road networks in rural areas are usually terrible. This generally leads to increasing transport costs associated with relatively high imported rice prices in far-off markets, 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.

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