LIBERIA MARKET PRICE MONITOR
A monthly price analysis of food and other essential commodities

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KEY POINTS
- Forecast for 2013 Liberia rice crop unfavorable: due to the erratic nature of rainfall this year,
- FAO Food Price index still decreasing: with 25% decline in global rice prices between August and September,
- Palm oil prices have started its usual seasonal trend, upward prices due to limited market supply;
- The average domestic price for a gallon of gasoline is (21%) lower than last year but still perceived to be high;
- Casual laborers continue to experience improvement in their food purchasing power as a result of stable imported rice prices against increasing wage rates.

INTRODUCTION
The 39th edition of the Liberia Market Price Monitor summarizes the price changes for commonly consumed staples as well as other essential non-food commodities that have the potential of being exchanged for food in September 2013. This edition provides insight into seasonal evolution of price trends for the Liberian staple rice, as well as possible effects of global price variations. It compares prices on the domestic markets this month to a year ago, as well as price comparisons on a month by month basis.

TRENDS ON INTERNATIONAL MARKETS
The FAO Food Price Index averaged 199.1 points in September 2013, 2.3 points (1 percent) below its August value and down 11 points (or 5.4 percent) since the beginning of the year. Last month’s decline, the fifth in a row, was driven by a sharp fall in the international prices of cereals, as dairy, oils, meat and sugar, rose slightly.

The FAO Cereal Price Index averaged 197.7 points in September, down 12.9 points (6 percent) from August and as much as 65 points (or 25 percent) from September 2012. This steep decline follows an already sizeable drop in July and August, reflecting a generally strong growth, in particular for maize and rice. International wheat prices had fallen sharply for three consecutive months, and were largely unchanged from August on stronger demand and less favorable production prospects in the southern hemisphere countries.1

In September, global rice prices have continued to fall in relation to last month. However, since mid-September, prices have shown some stability. The market seems to proceed carefully in the face of unconfirmed rumors about massive purchases done by China from Thailand, and a possible reduction in Thai’s export availabilities. On the other hand, the global demand may remain stable in 2014 due to an increased production in most leading and producing countries. It is therefore unlikely that world prices present significant shocks in the coming months (Osiriz No. 115).

In September, the average retail price for a 50kg bag of imported parboiled rice remain almost unchanged from August but fell by L$364 (10%) compared to the past one year in the main markets (Figure 2). In south-eastern Liberia, rice prices decreased by 15% while the central belt recorded a decline of 14%. The considerably low prices of imported rice on the domestic markets this year when compared to the

corresponding period in 2012 are driven by declining rice prices on the international market since the beginning of this year coupled with the government long-standing policy (suspension of rice import tariff since mid-2008 to maintain lower market prices) to encourage import of cheap rice into the country.

On the other hand, most farming households are expected to start harvesting of the 2013 paddy crop in October, and is scheduled to be completed by the end of December. According to agricultural experts preliminary forecast for 2013 rice crop, yields will surely drop due to the variability of rainfall this year. Satellite imagery showed erratic rains below average precipitation and poor vegetative growth in several parts of the country. These unfavorable weather conditions may have affected rice and cassava yields.

Reports from a pre-harvest assessment mission undertaken by the Ministry of Agriculture (MOA), CILS, FAO and WFP in September 2013 at villages and farms of two counties (Bong and Bomi) reported an estimate average rate of (9.3%) decrease of annual production of rice in 2013 as compared to last year. Different rates of decrease as compared to last year were obtained from five (5) counties. It is also important to note that the agriculture experts used a subjective method to arrive at this projection given that this year’s crops production survey has not been conducted. The forecast methodology utilized the average of the mid-points of the rates of decrease of the five counties.

Based on the above methodology, the 2013/2014 paddy rice production in Liberia is estimated at 269,550 metric tons. This production is 9.3 percent less than last year and 7.4 percent less than the average of the last five (5) years (2008-12).

Using the same subjective method, the production of cassava for the 2013/14 crop season is projected at 492,470 metric tons which is 1.5 percent above the last year production and 0.1 percent more than the average of the last five years.

Insipide of the projected decline in local rice yields, the harvest will bring relief to most of the farming households and decrease the demand for imported rice.

According to the Ministry of Commerce and Industry (MOCI) commercial rice stocks report as at October 3, 2013, the existing stocks (59,185.87 Mt) is estimated to last until December 2013.

### PRICES OF OTHER COMMODITIES

As shown in Table 1, the average domestic price of gasoline is 21 percent lower than it was in September 2012, with an average price across all markets being 379 Liberian dollars (US$4.74) per gallon. Despite the decline over the period, gasoline is considerably more expensive in Pleebo (Maryland), Toe Town and Zwedru (Grand Gedeh) markets. It is 30 percent, 25 percent, and 19 percent more expensive to purchase a gallon of gasoline in Pleebo, Zwedru and Foya markets respectively, than Monrovia. This huge price disparity is also reflected in food commodity prices in those markets and can be explained by the poor road network with the Liberian capital. Prices in the coming months would be generally determined by gasoline price on the international market as Liberia remains a net importer of all petroleum products.

![Image](https://via.placeholder.com/150)

**Figure 3: Price of 1 gallon of palm oil in Liberian Dollars (September 2012 - September 2013)**

In September, palm oil prices rose slightly in most of the domestic markets, but significant increases were observed for a gallon of palm oil in Buchanan (20%), Voinjama (10%), Toe Town (9%) and Pleebo (8%) prices of gasoline makes it very compared to the month of expensive to transport the August. Price increases can be commodity from where it is explained by the usual seasonal supply (declining availability of Monrovia where the demand is the commodity as oil palm usually high.

Palm oil prices in the last quarter of this year may likely continue to increase as supply to markets is expected to be generally limited, a situation which could provide better purchasing power and improved food access for palm oil border trade are likely contributors to palm oil price increases. Traders also reported that the current increase in

<table>
<thead>
<tr>
<th>Markets</th>
<th>Sep-12</th>
<th>Aug-13</th>
<th>Sep-13</th>
<th>% Change one month</th>
<th>% Change one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bo Waterside</td>
<td>358</td>
<td>360</td>
<td>360</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Buchanan</td>
<td>337</td>
<td>345</td>
<td>345</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>Foya</td>
<td>515</td>
<td>402</td>
<td>400</td>
<td>0%</td>
<td>-22%</td>
</tr>
<tr>
<td>Gbanga</td>
<td>350</td>
<td>355</td>
<td>355</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Pleebo</td>
<td>476</td>
<td>425</td>
<td>437</td>
<td>3%</td>
<td>-3%</td>
</tr>
<tr>
<td>Red Light</td>
<td>320</td>
<td>324</td>
<td>335</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Saclepaa</td>
<td>357</td>
<td>357</td>
<td>358</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Toe Town</td>
<td>950</td>
<td>400</td>
<td>420</td>
<td>5%</td>
<td>-56%</td>
</tr>
<tr>
<td>Tubmanburg</td>
<td>540</td>
<td>534</td>
<td>545</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Voinjama</td>
<td>402</td>
<td>400</td>
<td>393</td>
<td>-2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Zwedru</td>
<td>846</td>
<td>400</td>
<td>420</td>
<td>5%</td>
<td>-50%</td>
</tr>
</tbody>
</table>
Charcoal is another important commodity providing a livelihood and is also an energy source for many households especially in the rural parts of the country. As shown in Figure 4, the price for a bag of charcoal was relatively stable in most markets compared to last year. The exceptions were Zwedru and Pleebo markets where charcoal price decreased by 18 percent and 14 percent, respectively. Currently, Buchanan, Pleebo and Red Light are the most expensive markets to purchase charcoal followed by Zwedru market in Grand Gedeh County. High demand for the commodity in major city/urban centres like Buchanan, Pleebo, Red Light and Zwedru explains the higher prices. On the other hand, rural markets such as Foya and Saclepea are the cheapest places to buy charcoal followed by Tubmanburg and Bo-waterside, areas traditionally known to produce more charcoal.

Most of the poor households purchase rice using daily wage obtained from casual labour available to households in different parts of the country. For majority in the rural areas, daily wage is derived from agricultural activities (or from charcoal production in the case of Tubmanburg) while urban areas like Buchanan and Monrovia depend on construction as the dominant source of casual employment. The Terms of Trade (TOT) reflecting the amount of rice in kilograms that households may purchase in exchange for wages from daily work either in construction sites (Red Light and Buchanan Markets) or agriculture labour is computed as presented in Table 2. TOT either remained stable or improved between 2012 and 2013 in all markets.

Terms of Trade was also calculated for rice against palm oil. As shown in Figure 5, terms of trade is generally favorable for palm oil producers than it was in 2012 in most parts of the country with the exception of Bo-waterside and Foya markets which reported a declined terms of trade over the period. The Bo-waterside and Foya situation is explained by relatively higher prices of imported parboiled rice (see Figure 1). Palm oil demand in the region is high as explained in previous sections thus better terms of trade.

### Prices of Other Commodities (Continued)

**Figure 4: Price of 1 bag of charcoal in Liberian Dollars**

*September 2012 – September 2013*

**Figure 5: Terms of Trade between Imported Rice and Palm Oil**

*September 2012 and September 2013*

### OutLook and Conclusion

There was no sign of local rice in most markets during the month of September 2013 leading to increased reliance on imported parboiled rice, even by rice producing households, the exception was Voinjama and Foya districts, in Lofa County, a region noted for high agricultural production. This high dependency on imported varieties is a disadvantage to poor households (do not have cash crops like palm oil or rubber) who lack the purchasing power to access the main staple, rice. Additionally, is the market access issues—usually obstructed during the rainy season due to the terrible state of the roads. As reported in the 2012 Comprehensive Food Security and Nutrition Survey, food insecurity in still high in the country and disproportionately affects regions. Southeastern counties in addition to Bomi in the Northwest were reported as the most food insecure in the survey conducted in August-December.

However, on the positive side, the considerably lower prices of imported parboiled rice in most markets may relieve some vulnerable households. The 2013 paddy crop harvest has also started in Southeastern counties which could see entry of local rice in the domestic markets. This may lead to improved access to food, at least for a short period. Anecdotal reports indicate that the expected harvest may not be as good as last year due to erratic rains (below average precipitation and poor vegetative growth in several parts of the country). This warrants increased monitoring as the expected relieve may be short-lived. Meanwhile, the Ministry of Agriculture, in collaboration with its partners, will continue to closely monitor food prices in the country.
Figure 6: Food price trends in selected reference markets, 2012-13