



INTRODUCTION

The Liberia Market Price Monitor is a product of the Liberia Food Security Monitoring System (FSNMS). The FSNMS is coordinated by the Food Security and Nutrition Secretariat at Ministry of Agriculture, with technical support from the World Food Programme (WFP) and financing from the EC. The Bulletin informs stakeholders on the 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. The market price analysis also provides the likely impact of price changes on poorer households' overall food consumption.

Prices are collected by Liberia Institute of Statistics & Geo-Information Services (LISGIS) in 10 markets (see map). Prices of rice are collected from 'large retailers'/'small wholesalers', i.e. traders that buy directly from importers (or 'large wholesalers') in Monrovia and sell per bag either to consumers or to 'small -retailers'. However, in order to establish the prices of locally produced rice (that are sold directly to consumers by small-retailers in small tins with varied measurements), the government conducted a price survey (actual weighing of the tins' contents and establishing their prices in selected markets within vicinities of high production potential) in November 2009. Such market surveys are planned every two months.



Intermediary prices (between farm gate and consumer prices) of other commodities are also collected from retailers in standard measurements (bag or a gallon) for cassava, charcoal, palm oil and cane juice. However, for some commodities (cocoa, coffee, rubber), prices are gathered from the collection points as directly sold by producers. Local exchange rates between the US and Liberian dollar, the price of fuel and wage rates are also collected.

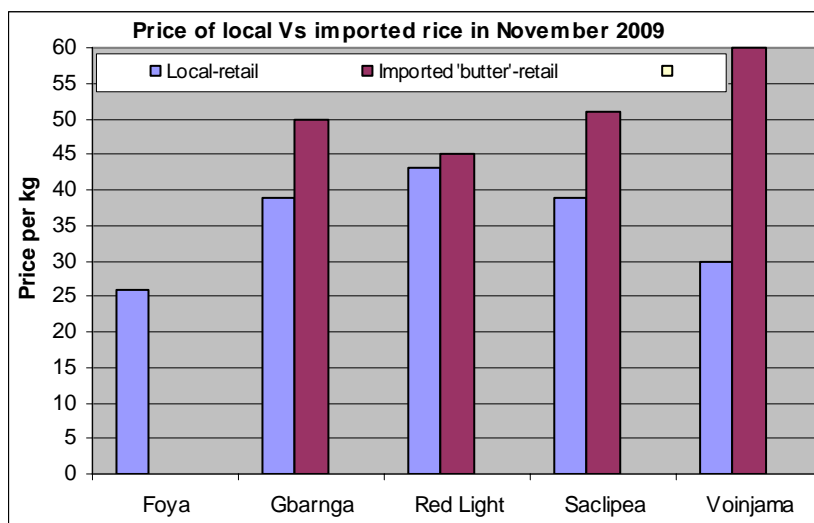
Highlights

- **Periodic harvest of local rice has resulted in cheaper prices of local produce as compared to imported varieties with subsequent decline in demand for imported rice in agricultural production areas;**
- **Upward trend in global prices for Liberian major exports: rubber and cocoa is reflected in domestic markets Liberian farm gate prices for rubber and cocoa reflect the global upward trend for these commodities**
- **The local currency continues to strengthen against the US Dollar, making imported commodities cheaper and possibly neutralizing the global upsurge in rice prices.**

NOMINAL PRICES OF LOCAL RICE SALE TO CONSUMERS

The month of November is witnessing the periodic rice harvest in Liberia characterized by farmers selling off their local produce at substantially low prices when compared to normal (poor households usually tend to sell their produce soon after harvest in order to access some financial and basic social needs but have to purchase rice in the rainy season when prices are at their highest); and lower demand for imported rice

especially in rural Liberia. With exception of Red Light (mainly due to transport costs associated with movement from production areas to Monrovia), local rice appears cheaper than imported ‘butter’ rice in all the main markets in the country (see figure). In particular, price differentials are significant in Foya and Voinjama Markets, Lofa County (Foya and Voinjama Markets), an area of high production potential.



In Foya District, one of the major rice producing areas of Liberia, demand for imported rice has declined to an extent that imported rice is not found at the ‘small retail’ level. The 2007 market review, noted that households prefer to consume imported rice. However, it appears that price differentials during the harvest season compensate for the perceived lower quality of local rice, thus making imported rice less competitive.

It must be noted that imported butter rice price differentials between ‘small retail’ (direct sale to consumers in small quantities) and ‘large retail’ (sale in single bags) seem to increase with distance from the port of entry, Monrovia, a trend that may be associated with selling in small quantities.

GLOBAL PRICE TRENDS AND NOMINAL “WHOLESALE” PRICE OF IMPORTED RICE

In November, the FAO Cereal Price Index has risen to 170, up 3 percent from October, but cereal prices are still below levels of last year. “However, recent weeks have witnessed a renewed strength in the prices of major cereals, mostly on the back of delays in maize harvesting in the United States, anticipation of a decline in winter wheat plantings and stronger import demand for rice than earlier anticipated. External developments have also been responsible, including a weakening of the United States Dollar and higher prices of soybeans coupled with stronger energy markets.”¹ Concerning rice, world prices “continued to rise due to the strong Asian import demand and the contraction of export supply.”²

Generally, the declining trend in prices of imported “butter” rice (most preferred staple) in the Liberian

markets continued in November 2009. Foya market showed the most dramatic decline (about 9%) between October and November followed by Red Light and Zwedru Markets, mainly explained by a combination of entry of locally produced rice into the market, and the continued strengthening of the domestic currency. The global rise of rice prices has not yet affected the domestic markets due to local seasonal influences (harvest season characterized reduced demand for imported rice). The trend could soon be reversed as local production will only meet national requirements for a short term. The price differentials between rural markets and Monrovia are mainly associated with transport costs incurred by traders to reach

Price of a 50-kg of imported rice (butter) in Liberian Dollar—2009						
Market	Jan	Mar	Jun	Sep	Oct	Nov
Bo-Water Side				2400	2379	2355
Buchanan	2350	2150	2200	2300	2250	2200
Foya				2867	3000	2720
Gbarnga	2356	2153	2350	2297	2287	2267
Pleebo	2183	2033	2233	3300	2850	2850
Red Light	2185	1941	2195	2163	2199	2068
Saclepea	2450	2194	2417	2325	2163	2233
Tubmanburg	2254		2300	2300	2293	2300
Voinjama	2650	2642	2500	2563	2550	2519
Zwedru	2617			2538	2505	2400

¹ FAO Food Outlook, December 2009; <http://www.fao.org/docrep/012/ak341e/ak341e02.htm>

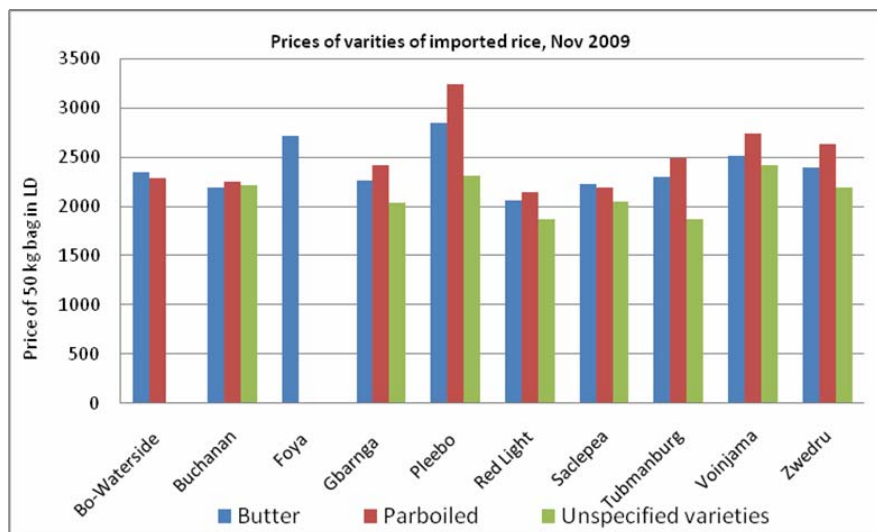
² InterRice, November 2009; <http://www.infoarroz.org/portal/en/index.php>

LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

the markets. Thus, the farther the market from Monrovia, the more costly it is for imported rice. Red Light Market, due to its proximity to the entry port, remains the cheapest market while Pleebo is the most expensive market to purchase imported rice.

Parboiled rice is the most expensive type of rice in all markets. The cheaper types, some of which were donations, appears to have been finished in the market. Apart from local rice, only imported “butter” rice was available in Foya Market. This because traders had been discouraged to sell imported rice in Foya due to their low demand. While the global prices of rice have risen by up to 19% in the past three months (see update of the Chicago Merchantile Exchange, Dec 2009), the prices in Liberian markets remain stable. However, as Liberia still depends on imported rice for a greater proportion of their consumption requirements, it is critical to monitor global trends in the coming months and establish the impact on the domestic market.



PRICES OF OTHER COMMODITIES

Prices of the main cash crops, Rubber and Cocoa, continued to show an upward trend in November 2009, reflecting the global upsurge in the prices of these two commodities. On average, the price of cocoa and

Prices other commodities in November 2009																		
	Cassava 50kg (LD)		Cocoa 1 kg (LD)		Coffee 1 kg (LD)		Rubber 1 Mt (USD)		Charcoal 50kg bag (LD)		Palm oil 1 Gallon (LD)		Cane juice 1 Gallon (LD)		Gasoline 1 Gallon (LD)		Exchange rate (LD) 1 US \$=	
	Oct	Nov	Oct	Nov	Oct	Nov	Oct	Nov	Oct	Nov	Oct	Nov	Oct	Nov	Oct	Nov	Oct	Nov
Bo-Waterside	400	363							125	125	367	463			273	270	70	67
Buchanan		450	125	136			805	835	150	148	275	268	374	373	250	246	70	68
Foya	400	383	48	82	40	52			117	112	365	378	450	358	372	347	68	68
Gbarnga	358	358	55	67			748	799	100	100	255	263	258	259	242	239	70	69
Pleebo							690	709	193	199	222	231	235	271	345	334	70	67
Red Light	633	617							183	181	282	294	260	265	233	225	71	68
Saclepea	250	300	66	88			730	771	78	85	263	262	313	354	265	257	70	69
Tubmanburg							833	821	110	110	324	323			250	235	70	66
Voinjama	300		50	55		45			127	145	413	417	320	312	298	297	70	68
Zwedru	825	817		53		40			173	175	353	338		330	275	263	70	67

rubber increased by over 20% and 3% respectively between October and November 2009 (see table 2). It is notable that globally, cocoa prices hit their highest levels for 25 years (over £2,200 a tonne) in October-November 2009.

Rubber, on the other hand, the upward trend in rubber prices is mainly explained by the crunch in major rubber producing countries caused by bad weather and the surge in crude oil prices. In Liberia, the

upsurge in prices corresponded to continued rainfall throughout October limiting the tapping and its net supply.

The Liberian currency continued appreciating against the US Dollar in the month of November across the country. The average exchange rate was 67 LD for 1 USD from 68LD in October 2009. The appreciation of the domestic currency is partly reflected in the downward trend in the local prices of gasoline by up to 5% between September and November 2009.

Overall, there were insignificant changes in prices of cassava, palm oil, cane juice and charcoal between October and November with the exception of few variations across markets.

TERMS OF TRADE

Terms of Trade between Wage rates and imported rice			
	TOT (imported rice in kg/day's wage/50kg of charcoal)	TOT (imported rice in kg/day's wage/50kg of charcoal)	Main income earning activity-Nov 09
Bo-Water Side	4.8	2.7	Agriculture
Buchanan	5.7	7.4	Construction
Foya	3.3	2.6	Agriculture
Gbarnga	2.0	3.7	Agriculture
Pleebo	3.2	3.7	Agriculture
Red Light	4.3	4.5	Construction
Saclepea	2.9	3.2	Agriculture
Tubmanburg	4.3	2.4	Charcoal
Voinjama	3.3	2.6	Agriculture
Zwedru	3.3	4.4	Agriculture

The Terms of Trade as reported here measures the amount of rice in Kilogram that households will purchase in exchange of earnings from their daily work either in construction sites (Red Light and Buchanan Markets), agricultural labour (currently harvesting that is mainly undertaken by women) or from producing a 50 kg bag of charcoal in the case of Tubmanburg Market. The Terms of Trade has slightly improved for all markets between October and November 2009 for the daily wage rate earners with exception of Foya Market that indicated some decline and

Tubmanburg where TOT for charcoal burners remained the same over the period under review.

OUTLOOK AND CONCLUSION

The appreciation of the domestic currency coupled with local rice supply continues to suppress the impact of the global increase in prices on the local markets. This trend may continue until March - April 2010, when farmers' stocks are exhausted. Initially, the demand for imported rice will decline in rural Liberia, especially in counties where production is good. This may be followed by an upsurge in prices, depending on global trends, as households revert to consumption of imported rice. The continuing upward trend in rubber and cocoa, Liberia's main export commodities, may cushion the domestic market against global rise by bringing needed foreign inflows.

These trends may, in the short term, improve the food security situation in rural Liberia. But situation of prices remains volatile, as domestic prices are strongly influenced by global trends. Instability in Guinea may further hinder movements of commodities to border markets like Foya, Pleebo, Saclepea and Voinjama Markets. On the other hand, the price differential between Pleebo and other markets may persist despite improvement in road accessibility following the end of the rainy season due their close linkages to Cote d'Ivoire and Guinea than to domestic markets.

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