



LIBERIA MARKET PRICE MONITOR

A monthly price analysis of food and other essential commodities

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Highlights

- Global rice prices remains relatively stable; imported stocks in Liberia could supply up to July 2013;
- Local rice remains relatively cheaper possibly leading to lower demand for imported rice especially in rural areas;
- Prices of gasoline continues to decline due to regular flow in the South eastern and central parts of Liberia
- Physical access to markets and flow of goods have also improved across the country as a result of road rehabilitation by the Government,
- Palm oil producers continue to experience favorable terms of trade and therefore improve food access.

INTRODUCTION

The January 2013 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 potential of being exchanged for food in January 2013. This edition provides insight into seasonal evolution of price trends for Liberia 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.

GLOBAL TRENDS IN PRICE OF RICE

International rice prices have retreated since October 2012, bringing the FAO overall Rice Price Index down by 3.3 percent to 236 points in January 2013. The decline was especially marked for Japonica and Indica rice varieties, while strong demand sustained aromatic rice price. According to the index, prices in calendar 2012 averaged 238 points, 5 percent less than in 2011¹. In Thailand prices remained firm but price difference between its main competitors (India and Vietnam) continues to widen. In Vietnam prices decreased due to the peak of the main harvest and because of this coupled with lower export prices in India exerts pressure on Thailand, which is likely to face a severe Asian competition in a market largely oversupplied. Meanwhile, Thailand continues to support its rice pledging programme which entails higher domestic and export prices, keeping in public stocks million tonnes of rice away from the market. The market is unable to give accurate signals in the face of uncertainties of such political decisions. Since Liberia remains a net importer of rice, the global trends have major bearings on local prices especially after the seasonal stocks have been exhausted.

FAO Rice Price Indices (2002-2004=100)					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
2008	294	296	287	314	251
2009	253	229	196	341	232
2010	229	211	212	264	231
2011	251	237	250	274	227
2012	238	230	242	248	217
2012 January	235	221	238	252	215
February	229	223	239	230	214
March	235	229	242	242	214
April	233	227	242	239	205
May	238	233	243	246	214
June	238	233	240	249	215
July	239	230	241	254	216
August	240	232	242	252	223
September	245	236	248	259	219
October	244	234	248	256	226
November	242	235	244	254	221
December	236	229	237	246	223
2013 January	236	230	239	241	232
% Change	0.7	4.3	0.5	-4.2	7.6

Source: FAO

N.B. - The FAO Rice Price Index is based on 16 rice export quotations. "Quality" is defined rice with less (equal to or more) than 20 percent broken. The Sub-index for Aromatic Rice.

WHOLESALE PRICE OF IMPORTED RICE

Table 1: Nominal Price changes for 50kg bag of imported "Parboiled" rice in LD (January 2012 - January 2013)

Markets	Jan-12	Dec-12	Jan-13	% change	
				a month ago	a year ago
Bo-Waterside	2,575	2,525	2,450	-3%	-5%
Gbarnga	3,260	2,667	2,517	-6%	-23%
Pleebo	2,900	3,453	3,131	-9%	8%
Red Light	2,714	2,661	2,500	-6%	-8%
Toe Town		3,550	3,535	0%	
Tubmanburg	3,040	3,030	2,555	-16%	-16%
Voinjama		2,794	2,972	6%	
Zwedru	3,783	3,379	3,541	5%	-6%

The main harvest for Country (local) rice has come to an end. Majority of the farming households have enough stocks for consumption and sale to meet other expenses. Local rice is still available in most markets across Liberia though insignificant in urban markets. Prices are relatively cheaper in the rural parts of the country, thus trade of imported rice is at its lowest especially in rice surplus producing areas.

¹ http://www.fao.org/index_en.htm



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<http://www.wfp.org/content/liberia-market-price-monitor-2013>

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WHOLESALE PRICE OF IMPORTED RICE (continued)

For example, while a 50 kg bag of imported “parboiled” rice was sold at 2,975 LD in Voinjama market, Lofa County by end of January 2013, a similar quantity of local rice was sold for 2,400 LD during the same period. In Foya District, imported rice was hardly seen on the market where demand has reportedly declined as most people prefer the taste of local rice, and it is cheaper than imported varieties. Foya is one of the key rice producing areas which continue to attract substantial investment through programmes supported by the Government and its partners such as Purchase for Progress (P4P) targeting smallholder rice farmers. Meanwhile, farmers in most parts of the country have begun activities for the new rice farming season, predominantly felling and brushing primarily carried out by men.

As shown in Table 1, with the exception of Voinjama and Zwedru that showed an unexpected rise in price of rice between December 2012 and January 2013, the rest of the markets are reporting declining prices for a 50 kg bag of imported “parboiled” rice. Tubmanburg, Pleebo and Gbarnga markets showed the most dramatic decline in prices (over 30 percent) between December 2012 and January 2013 followed

by Bo Waterside market. This observation could be attributed to the entry of locally produced rice into the markets (thus reducing the demand for imported brands), and possibly the reduction in international rice prices since October 2012.

Markets far off from the main port of entry, Monrovia, recorded higher prices. On average, prices of imported rice have remained stable compared to last month as well as a year ago, an observation which could also be in line with global rice trends.

Imported rice has however, been more readily available in markets since the first quarter of 2012, characterized by increase trade flows (taking advantage of the abundance of global stocks) to supply consumer markets. According to the Ministry of Commerce and industry (MOCI) commercial rice stocks reports as at February 9, 2013, the existing stock (1,778,146 MT) and pending orders (900,000 MT) is estimated to last through July 2013.

Overall, food availability and access will remain good until April when most farming households start to run out of harvested stocks.

PRICES OF OTHER COMMODITIES

Palm oil prices reported an increase in all markets now than a year ago due to higher domestic and regional demand. Major increases were observed in markets in Zwedru (73%), Gbarnga (50%), and Tubmanburg (46%). Foya and Voinjama markets in Lofa County are reporting higher than usual palm oil prices which is closely linked to the huge outflow of the commodity to neighboring Guinea and Sierra Leone. On average, the price of a gallon of palm oil now is 50 percent higher or LD\$190 higher than what it was sold for during the same period last year. According to most traders, speculations of a shipping vessel at the main port of entry in Monrovia to buy palm oil is responsible for the alarming prices. Meanwhile, the prevailing palm oil prices is providing better TOT for palm oil producers.

Table 3: Price of 1 gallon of gasoline in Liberian Dollars (January 2012 - January 2013)

Markets	Jan-12	Dec-12	Jan-13	% Change one month ago	% Change one year ago
Bo-Waterside	353	390	393	1%	11%
Buchanan	335	337	359	7%	7%
Foya		513	450	-12%	
Gbarnga	325	500	370	-26%	14%
Pleebo	440	472	480	2%	9%
Red Light	300	313	317	1%	6%
Toe Town		500	438	-13%	
Tubmanburg	320	350	322	-8%	1%
Voinjama		400	400	0%	
Zwedru	400	500	430	-14%	8%

The retail price for a gallon of gasoline in January has either decline or remained stable in most of the domestic markets compared to a month ago and relatively higher when compared to the same period last year (See Table 3).

Table 2: Price of 1 gallon of palm oil in Liberian Dollars (January 2012 - January 2013)

Market	Jan-12	Dec-12	Jan-13	% Change one month ago	% Change one year ago
Bo-Waterside	479	478	507	6%	6%
Buchanan	350	417	425	2%	21%
Foya		600	767	28%	
Gbarnga	300	500	450	-10%	50%
Pleebo	388	504	471	-7%	22%
Red Light	353	371	433	17%	23%
Toe Town		750	625	-17%	
Tubmanburg	372	383	542	41%	46%
Voinjama		663	750	13%	
Zwedru	400	663	692	4%	73%

Major decreases were observed in Gbarnga 26%, Zwedru 14%, Toe Town 13% and Foya 12%. The decline in prices of gasoline especially in far off markets can be explained by the improved road condition across the country as a result of the dry season and the ongoing road rehabilitation works being carried out by the government through the Ministry of Public Works.

According to most traders, the improved state of the roads especially in rural areas has

resulted to regular flow of basic goods and relatively lower transportation costs.

On average, the price of a gallon of gasoline is 7 percent less than what it was sold for a month earlier. Despite the decimal increase in Red Light market, Monrovia remains the cheapest place to buy gasoline in the country.

Overall, physical access to markets across the country is expected to improve especially in the North west and South eastern regions.

PRICES OF OTHER COMMODITIES (CONTINUED)

Charcoal prices remained stable in most of the markets between December 2012 and January 2013 with non-producing areas (Pleebo and Zwedru) and Buchanan reporting relatively higher prices as compared to charcoal producing areas like Tubmanburg and Bo-waterside. The price for a 50kg bag of charcoal in January dropped in Pleebo (7%), Bo-waterside (5%), and Voinjama (4%) while the rest of the markets reported stable prices compared to last month. Charcoal production is usually huge around this time of the year because of the dry season and the improve state of the roads which makes it cheaper compared to months (June - October) during the rainy season. Despite the stability in charcoal prices it is still higher compared to a year ago.

Table 4: Price of 1 bag of charcoal in Liberian Dollars
(January 2012 - January 2013)

Markets	Jan-12	Dec-12	Jan-13	% Change one month ago	% Change one year ago
Bo waterside	154	183	175	-5%	14%
Buchanan	250	275	275	0%	10%
Gbarnga	187	190	200	5%	7%
Pleebo	248	308	288	-7%	16%
Red Light	272	275	274	0%	1%
Toe Town		200	200	0%	
Tubmanburg	175	175	175	0%	0%
Voinjama		188	180	-4%	
Zwedru	333	300	300	0%	-10%

TERMS OF TRADE (TOT) BETWEEN WAGE

Table 5: Terms of Trade between daily wage and imported rice

Markets	Kg rice 2012	Kg rice 2013		Main Activity
Bo-Waterside	2.4	2.6	↑	Agriculture
Buchanan	4.8	4.0	↓	Construction
Gbarnga	1.9	2.5	↑	Agriculture
Pleebo	4.0	3.7	↓	Agriculture
Red Light	4.1	4.5	↑	Construction
Tubmanburg	2.9	3.4	↑	Charcoal
Zwedru	3.0	3.2	↑	Agriculture

The terms of trade in table 5 reflects the amount of rice in kilogram that households may purchase in exchange for earnings from their daily work either in construction sites (Red Light and Buchanan Markets), agricultural labour was also computed. Terms of trade improved between 2012 and 2013 in all markets with the exception of Buchanan and Pleebo. The decline in imported rice prices against stable wage rates over the period is responsible for improvements in TOT. Gbarnga market noted the most dramatic improvement in terms of trade over the past one year. Overall, improvements in TOT for small holder rubber and palm oil producers in most markets between late 2012 and January 2013 continue to provide improved food access.

Figure 2: Terms of Trade between Imported Rice and Palm Oil
(January 2012 and January 2013)

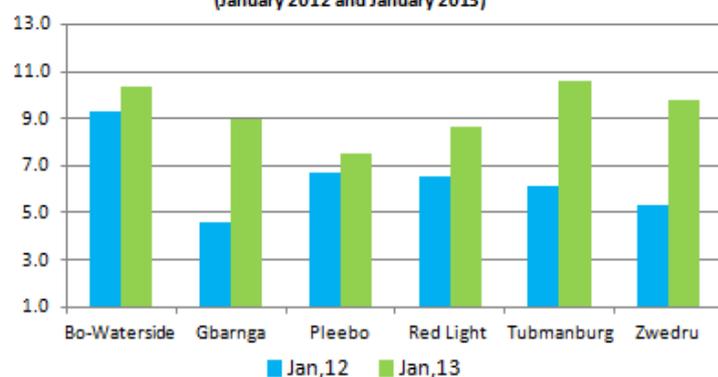


Figure 2 shows the quantity in kilograms of rice that can be purchased in each market by selling one gallon of palm oil, which is the primary source of income for households in most of the markets monitored. In January 2013, terms of trade for palm oil producers improved in all of the markets across the country compared to the same period last year. Gbarnga, Zwedru and Tubmanburg markets witnessed the biggest improvements in terms of trade. The increasing palm oil prices against the decline in prices of imported rice on the domestic markets has improved the purchasing power of palm oil producers considerably and could cushion the food security situation of palm oil producing households in many parts of the country for the while.

OUTLOOK AND CONCLUSION

The depreciation in the local currency has the potential to make imports additionally expensive, which usually leads to higher import parity price in comparison to domestic prices. This is very critical considering the positive impact of the previous harvest which is still being felt in the local markets with less demand for imported rice especially in agricultural productive areas.

However, as a result of the downturn in international rice prices, the impact may not be pronounced in the local markets. On the other hand, the upward trend in palm oil prices against reduced imported rice prices continues to provide better terms of trade for palm oil producing households. However, as the country approaches April, household stocks are expected to diminish. Thus, markets in Liberia may likely follow the global rice price trends. Therefore, subsequent market bulletins will focus on factors affecting world market trends because any negative shock such as the US 2012 drought or a price increase in global crude oil could have a strong impact on cereal prices.