



## INTRODUCTION

The Liberia Market Information System (LMIS) is a component of the Liberia Food Security Monitoring System (FSNMS), a key deliverable of the Ministry of Agriculture (MoA) under the national Poverty Reduction Strategy (PRS). The FSNMS is coordinated by the Food Security and Nutrition Secretariat at MoA, with technical support from World Food Programme. Its purpose 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.

Prices are collected by county staff of the Liberia Statistics and Geo-Information Services (LISGIS) in 10 markets in 9 different counties. These markets are located in Foya and Voinjama (Lofa county), Gbarnga (Bong county), Saclepea (Nimba county), Zwedru (Grand Gedeh county), Buchanan (Grand Bassa county) Pleebo (Maryland county), Bo-waterside (Grand Cape Mount county), Tubmanburg (Bomi county), and include Red Light market in Greater Monrovia. They were selected for being important food markets. Prices of rice are collected from 'retailers', i.e. traders that buy directly from importers<sup>1</sup> in Monrovia and sell per bag to consumers or to 'semi-retailers' (the latter then sell to consumers in small quantities using non-standard units). Prices of rice are therefore expressed for a 50Kg bag<sup>2</sup>, and aggregated in three separate categories, namely 'butter'<sup>3</sup>, parboiled and 'other'<sup>4</sup>. Prices of other commodities are also collected from retailers who sell per bag (cassava, charcoal) or per gallon (palm oil, cane juice). All these prices are intermediary between what the producers receive at the farm gate and what most consumers pay when they purchase in smaller units. However, for some commodities (cocoa, coffee, rubber), prices are gathered from collection points and represent therefore the price received by producers. Finally, local exchange rates between the US and Liberian dollar, the price of fuel per gallon and the prevalent, urban and rural, wage rate are also collected at each market.

### Highlights

- **Relatively stable prices of rice with the exception of Pleebo Market (Maryland). The latter recorded a steep increase in price between June and September 2009 and a related decline in terms of trade;**
- **Bad road conditions during the rain season are responsible for the high price differentials between Monrovia, the main entry port for all rice imports, and far off markets (Foya, Pleebo);**
- **Downward prices expected in the coming months due to the arrival of the new harvest.**

<sup>1</sup> There are only seven rice importers in Liberia whose prices are regulated by the government through price ceilings, calculated for each imported brand.

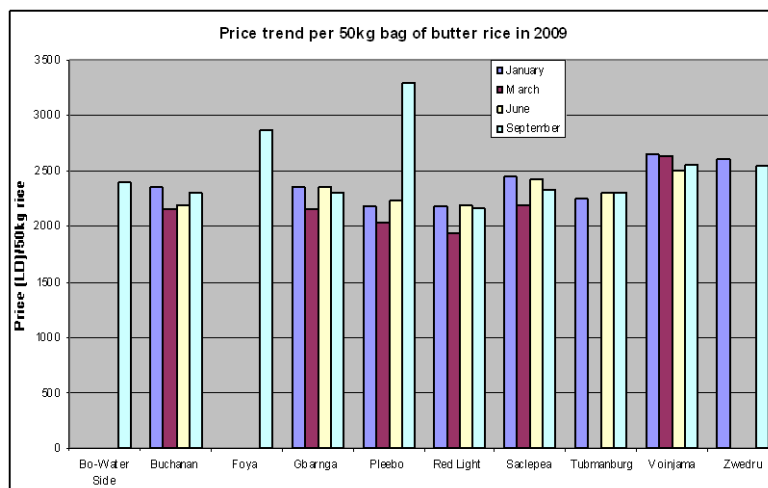
<sup>2</sup> In the event rice is sold in a bag of a different weight, price is converted to that of a 50 kg bag.

<sup>3</sup> Butter rice is the local name for round grain white rice

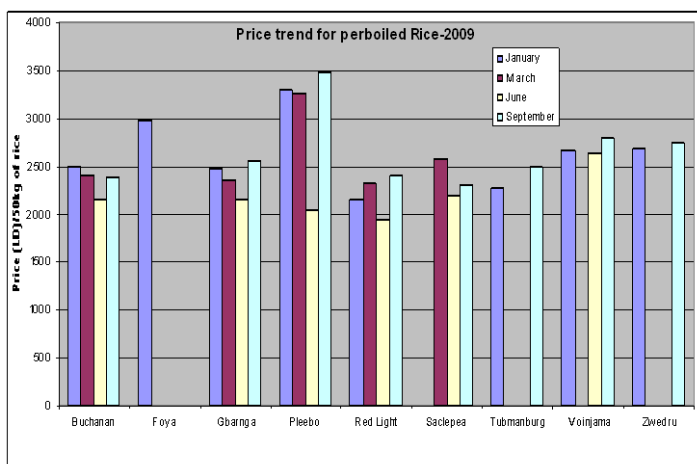
<sup>4</sup> The 'other' category includes Long Grain rice from Thailand sold in 50 Kg bags, long and short grain rice originated from Vietnam and Thailand sold in 30 Kg bags (donation from the Govt of Japan) and Pakistani Long grain rice sold in 50 Kg bags.

## NOMINAL PRICE OF IMPORTED RICE

In September, no local rice could yet be found in markets, thus prices refer to the different categories of imported rice. Rice retail prices in Liberia have been relatively stable in 2009 with the exception of Pleebo, in the south eastern county of Maryland, which recorded a dramatic increase in the price of both “butter” and parboiled rice. The September 2009 retail price for a 50 kg bag of butter rice ranged from a low of 2,613 LD (US\$ 30.7) in Red Light Market (Greater Monrovia) to a high of 3,300 LD (US\$ 48.5) in Pleebo Market, where it went up from US \$ 31.6 in June. The price of butter rice in Foya and Pleebo Markets was significantly higher than the average of 2,360 LD (US \$ 33.5) in the other eight markets.



In order to try to explain price differentials for butter rice across the country, these were divided by the distance in Km between markets. This analysis reveals that in September, the cost added to a bag of butter



rice between Monrovia and Gbarnga is approximately 0.7 LD/Km, between Gbarnga and Voinjama it is 1.0 LD/Km and between Voinjama and Foya it becomes 4.7 LD/Km. Similarly, this added cost is only 0.8 LD/Km between Gbarnga and Zwedru, but becomes 3.2 LD/Km between Zwedru and Pleebo. While there may be other factors affecting prices in these markets, the analysis points to the likely effect of the extremely bad road conditions that characterize these areas during the rain season, on the cost of transport.

The price of parboiled rice also showed a similar trend than that of butter rice. Pleebo still displayed a dramatic increase in price between June and September 2009, which can be associated with high transport costs due to the road conditions.

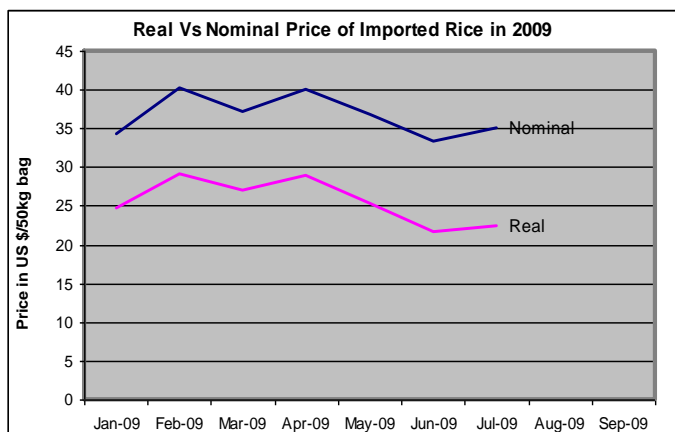
## REAL PRICE OF IMPORTED RICE AND GLOBAL PRICE TRENDS

Much as the nominal price of imported rice appears to be higher than 2007 price levels, the real price appears to be stabilizing at about US \$ 23, lower than even the pre-food crisis levels. In a country in which rice imports currently represent about two thirds of estimated national consumption, prices in Liberian markets reflect worldwide price levels and trends<sup>5</sup>. The global prices have been relatively low and stable since January 2009 but showed a significant downward trend in September, mostly due to reduced global demand. It is likely that this recent global price trend is yet to feed into Liberian markets through the most recent rice imports. It is also possible that the downward pressure on national prices may be compounded by the effects of the 2009 rice harvest in the country, which is expected to be the most important in recent years as a result of the substantial investments in the agricultural sector made by the Government and its

<sup>5</sup> References:

FAO Rice Market Monitor September 2009, [http://www.fao.org/es/ESC/en/15/70/highlight\\_71.html](http://www.fao.org/es/ESC/en/15/70/highlight_71.html);  
InterRice September 2009, [www.infoarroz.org](http://www.infoarroz.org)

partners. However, the effects of a weak Liberian Dollar may not allow full realization of this downward trend.



It must also be noted that “other” types of rice, which are significantly cheaper (some are donations from donor countries) may contribute to keep prices further down. Some of these rice types are of lower quality but are bought by households that have less purchasing power, especially in rural Liberia. One current example is the Thai and Vietnamese rice donated by the Japanese Government and sold in 30 Kg bags.

### PRICES OF OTHER COMMODITIES

Cassava, the second most consumed cereal in Liberia fetches the highest prices in Red Light and Zwedru Markets. While the high price in Zwedru may be the result of excessive costs to transport it from Nimba, in Monrovia it probably reflects strong demand by, and better purchasing power of, households.

Fuel is considerably more expensive in Maryland and Lofa Counties, mainly due to transportation costs. Charcoal on the other hand is most expensive in Monrovia, also reflecting high demand there as compared to other areas where households mainly depend on firewood.

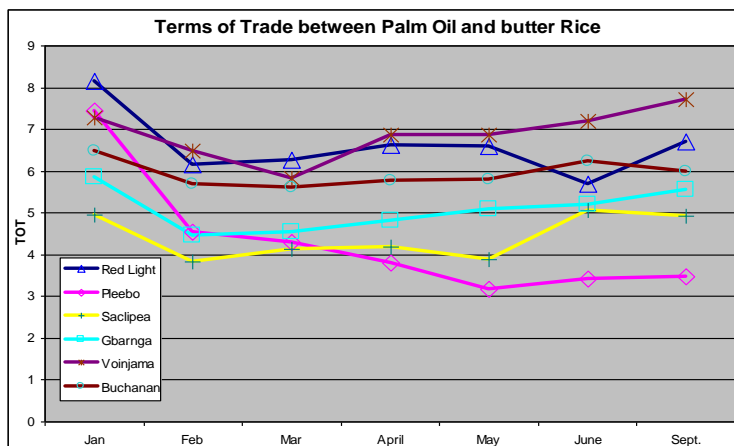
### Prices of other commodities in September 2009

Market	Commodity									
	Cassava 50kg (LD)	Cocoa 1 kg (LD)	Coffee 1kg (LD)	Rubber 1 Mt (USD)	Charcoal 50kg bag (LD)	Palm Oil 1 Gallon (LD)	Cane juice 1 Gallon (LD)	Fuel 1 Gallon (LD)	Exchange rate (LD) 1 US \$=	
Bo-Water Side	300				116	381		290	70	
Buchanan				713	150	275	375	255	71	
Foya	400	57	44		128	368	350		68	
Gbarnga	375	52		719	98	255	237	253	70	
Pleebo	283			670	190	229	247	363	70	
Red Light	617				190	290	253	235	71	
Saclepea	250	63		684	78	263	218	268	70	
Tubmanburg				670	109	323	303	248	70	
Voinjama	300	35	40		136	396	300	303	71	
Zwedru	688				166	360	271	279	70	

### TERMS OF TRADE

Terms of Trade indicate the quantity of imported butter rice, which can be purchased by selling one unit of another locally produced commodity. The graph shows the quantity (in Kg) of butter 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. Pleebo market in Maryland County seems to have experienced the greatest decline in terms of trade, meaning households were buying in September a lower quantity of rice per gallon of palm oil sold than they did in January 2009. This is due to the fact that the price of a gallon of palm oil has not risen in line with the rice price. In general all markets seemed to have

experienced a gradual decline in Terms of Trade for palm oil between January and March 2009, but since April, there appears to be some minor, though gradual improvement.



Charcoal is burnt in most of rural Liberia as a main source of income for households. In Tubmanburg, and Bo-waterside, the two areas whose populations considerably depend on charcoal as a means of livelihood, in September a bag of charcoal was likely to purchase about 2.5kg of butter rice.

Households producing rubber in proximity to Buchanan and Gbarnga Markets are likely to be experiencing better Terms of Trade in exchange for rice than other areas.

Finally, the amount of imported butter rice that can be purchased daily at prevalent wage rates is also being monitored. Weeding was the dominant agricultural activity in the month of September with the exception of Pleebo where rice harvesting was reported. Weeding and harvesting are predominantly done by women. However, in Red Light, Buchanan and Tubmanburg, the daily rate for unskilled workers in construction, a predominantly male employment sector, was the main source of income. The table shows that construction workers (mainly an urban activity) have better Terms of Trade for rice purchases than agricultural workers. Geographically, Buchanan, Red Light and Bo-waterside markets show better Terms of Trade, Gbarnga market experienced the worst TOT in the month of September.

	Wage rate (LD/day)	Price Imported rice (LD/Kg)	TOT (Kg imported rice / day of labour)
Bo-Water Side	225	48	4.7
Buchanan	250	46	5.4
Foya	194	57	3.4
Gbarnga	81	46	1.8
Pleebo	175	66	2.7
Red Light	188	43	4.3
Saclepea	125	47	2.7
Tubmanburg	200	46	4.3
Voinjama	168	51	3.3
Zwedru	163	51	3.2

### OUTLOOK AND CONCLUSION

The seasonal rice harvest began in October in some parts of South Eastern Liberia, and harvest in other parts of the country will start between November and December. It is therefore likely that local rice will soon start to appear in Liberian markets, thus reducing the demand for imported rice. This factor, coupled with the downward trend in import parity prices and the improving road conditions at the end of the rain season, leads to expectations of lower prices across the country in the coming months.

Thus, the food security situation of households in South Eastern Liberia and other remote parts of the country depends both on the outcome of the expected rice harvest and the duration of the on-going rainfall, which, by making travel difficult, contributes to keep transport costs high. Ministry of Agriculture, in collaboration with its partners, will continue to closely monitor food prices in the country.

#### FOR MORE INFORMATION CONTACT

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