

Drivers of August 2018 Inflation rate (9.9%)

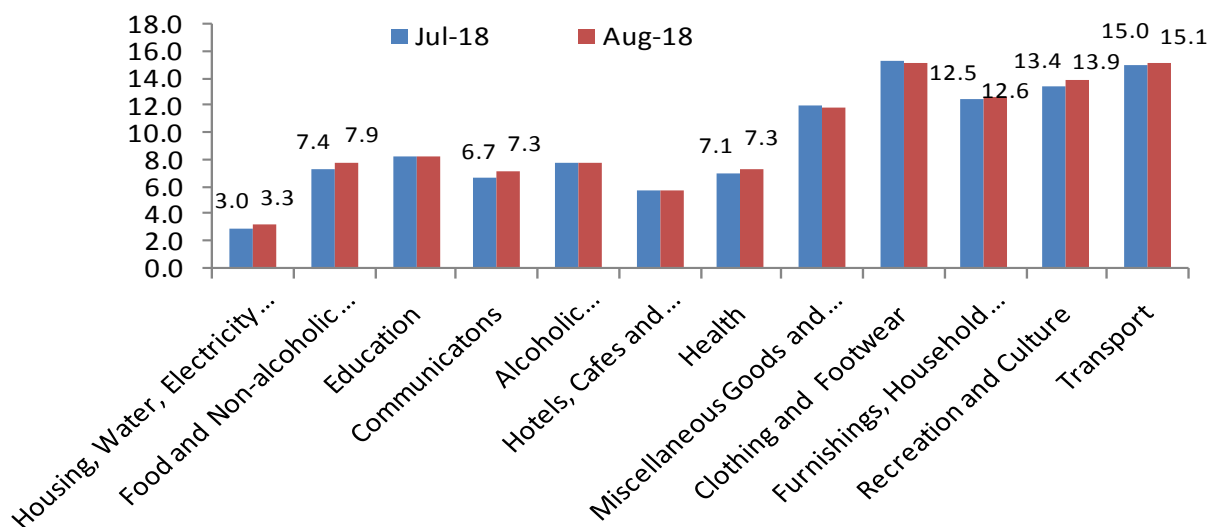
The year-on-year inflation rate for August 2018 was 9.9% compared with that of July 2018 which was 9.6% a rise of 0.3 percentage point.

REASONS FOR THE RISE IN THE RATE OF INFLATION

The **Non-food group** inflation rate rose by 0.1 percentage point from 10.7% in July 2018 to 10.8% in August 2018 and the **Food group** inflation rate also rose from 7.4% in July 2018 to 7.9%. These were responsible for the rise in the overall rate of inflation in August 2018.

The price drivers for August 2018 was mainly due to a rise in the rates of inflation for the Communication group (0.6%), Recreation and Culture group (0.5%), Food and Non-alcoholic Beverages group (0.5%), Housing, Water, Electricity, Gas and Others Fuels group (0.3%), Health group (0.2%), Furnishings, Household Equipment and Routine Maintenance group (0.1%) and Transport group (0.1%) see Figure 1.

Figure 1: Changes in main COICOP groups' inflation rates

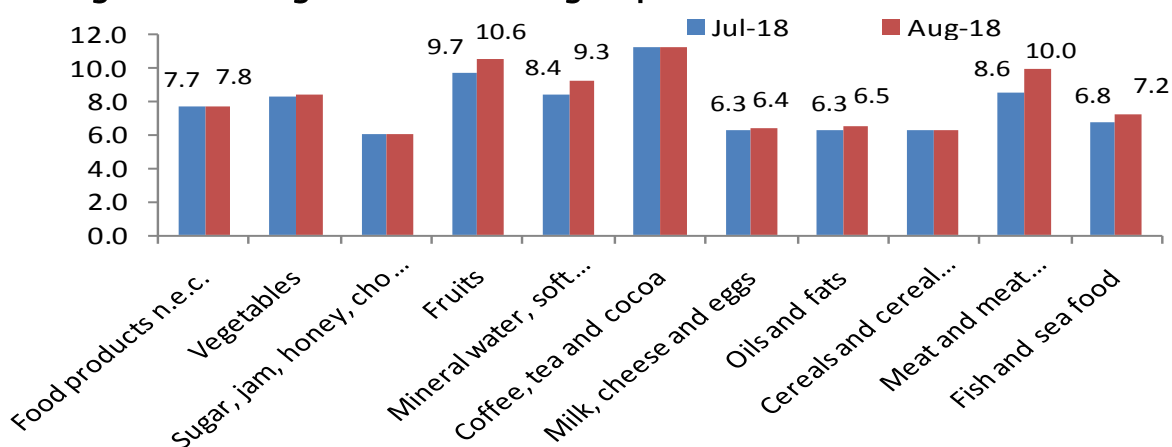


The month-on-month inflation rate for August 2017 was -0.2% compared to the 0.0% recorded in August 2018. The lower month-on-month change rate in August 2017 compared to that of August 2018 caused the year-on-year inflation rate to rise from 9.9% to 9.6% thus the increase in inflation was due to **base drift effect**.

The **food group** on the other hand had the following sub-groups recording higher percentage points rise in inflation rates for August 2018 compared to July 2018.

- a. Meat and meat products rose by **1.4** percentage points from 8.6% in July 2018 to 10.0% in August 2018.
- b. Fruits rose by **0.9** percentage point from 9.7% in July 2018 to 10.6% in August 2018.
- c. Mineral water, soft drinks, fruits and vegetable juices rose by **0.9** percentage point from 8.4% in July 2018 to 9.3% in August 2018.
- d. Fish and seafood rose by **0.4** percentage point from 6.8% in July 2018 to 7.2% in August 2018.
- e. Oils and fats rose by **0.2** percentage point from 6.3% in July 2018 to 6.5% in August 2018.
- f. Milk, cheese and eggs rose by **0.1** percentage point from 6.3% in July 2018 to 6.4% in August 2018.
- g. Food products n.e.c. rose by **0.1** percentage point from 7.7% in July 2018 to 7.8% in August 2018.

Figure 2: Changes in main food groups inflation rates



In any month, the combinations of factors such as government policy, season, exchange rate, interest rate, etc. may influence the rate of inflation. The prices of some items will rise while the prices of some other items will fall. The overall rate of inflation will rise if the rise in the prices of items are more than the fall in the prices of items and vice versa.

Table 1 shows some of the items with high year-on-year inflation rates from August 2017 to August 2018.

Table 1: CPI items that recorded high y/y change rate from August 2017 to August 2018

ITEM	DESCRIPTION	Weight	Price change over 12 months
218	Digital photo camera	0.1	32.8
95	Imported cloth (Dutch/British)	0.4	31.4
151	Mattress (foam)	0.3	31.0
220	PC laptop	0.1	30.8
189	Toyota Corolla	0.7	29.9
266	Newspaper advertisement, (funeral, 1/8 page)	0.5	29.3
191	Motor Bike eg. Yamaha AG 100	0.3	28.5
264	Legal service,(will fees)	0.5	28.3
99	Simple Suit	0.1	28.1
156	Air conditioner	0.0	27.9
215	TV-set (21")	0.3	27.6
244	Hotel Accommodation	0.0	27.2
150	Double Bed (simple or ordinary)	0.2	27.0
98	Kente (Men)	0.1	26.2
190	Hyundai Accent	0.7	25.4
217	DVD-Player	0.2	25.4
184	Doctor consulting fees (herbal/native Doctor)	0.1	25.1
155	Refrigerator	0.3	25.0
108	Kente (Women)	0.1	24.9
203	Driving lesson fees	0.0	24.7
207	Domestic air fare - 300 km, Accra-Kumasi	0.3	24.1
219	PC desktop	0.1	24.0
192	Bicycle	0.1	23.7
94	Cotton Local Super (cloth)	1.9	23.5
130	Sports shoes (canvas/camboo)	0.2	23.5
157	Microwave oven	0.0	23.4
158	Gas cooker	0.1	22.7
196	Batteries (Car)	0.1	21.7
246	Hostels private	0.0	21.5
186	Tooth removal (private)	0.1	21.5
183	Doctor consulting fees (private)	0.1	20.9
126	Dress shoe (men)	0.2	20.8
260	Wrist watch	0.1	20.6
181	Corrective eye-glasses (common lens)	0.0	20.2
107	smock	0.1	20.0
113	Two pieces dress	0.1	19.7
112	Boubou	0.1	19.7
138	Rent (monthly)	1.3	16.7

Regional Performance

1. Upper West region recorded the highest regional combined inflation rate (11.8%). Transport (22.8%), Miscellaneous Goods and Services (15.4%), Clothing and Footwear (14.9%). Furnishings, Household Equipment and Routine Maintenance (12.8%) and Recreation and Culture ((12.2%) were responsible for the high inflation in the Upper West region.
2. Upper West region recorded the highest regional non-food inflation rate (14.3%) due to the rise in inflation for the following subgroups; Transport, Miscellaneous Goods and Services and Clothing and Footwear.
3. Ashanti region recorded the highest food inflation rate (8.7%) due to Coffee, tea and cocoa (11.7%), Vegetables (11.6%), , Oils and fats (11.3%), Non-alcoholic beverages (10.1%), Meat and meat products (9.5%) and Mineral water, soft drinks, fruit and vegetable juices (9.2%).