

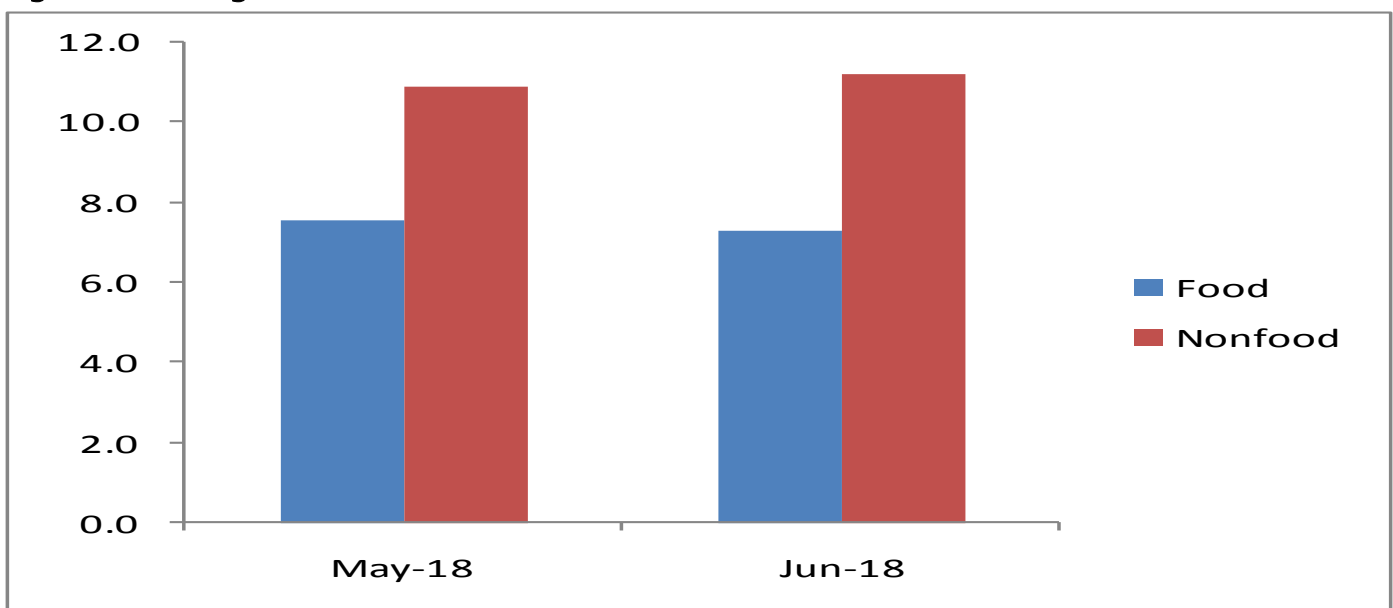
Drivers of June 2018 Inflation rate (10.0%)

The year-on-year inflation rate for June 2018 was 10.0% compared with that of May 2018 which was 9.8% a rise of 0.2 percentage point.

REASONS FOR THE RISE IN THE RATE OF INFLATION

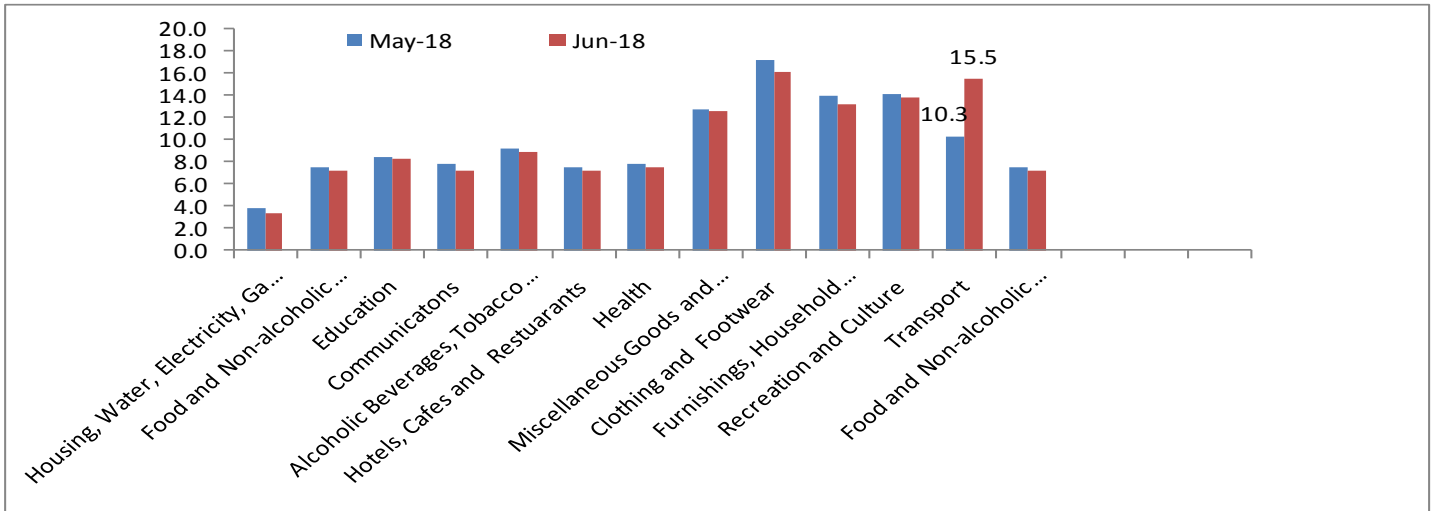
The **Non-food group** inflation rate rose by 0.3 percentage point from 10.9% in May 2018 to 11.2% in June 2018 and was mainly responsible for the rise in the overall rate of inflation. The **Food group** inflation rate fell from 7.6% in May 2018 to 7.3% in June 2018. (Figure 1)

Figure 1: Changes in Food and Non-Food inflation rates



Within the **Non-food group**, the main price driver for the rise in the rate of inflation in June 2018 was **Transport**. The Transport group recorded a 5.2 percentage points rise from 10.3% in May 2018 to 15.5% in June 2018 (see Figure 2).

Figure 2: Changes in main COICOP groups' inflation rates



In the **Transport** sub-group, the main price drivers for the rise in the rate of inflation in June 2018 were;

1. Intercity bus (ordinary) inflation rate rose from 0.1% in May 2018 to 10.0% in June 2018 due to the increased in transport fares by 10.0% in June 2018.
2. Urban bus (trotro) inflation rate rose from 0.0% in May 2018 to 10.0% in June 2018 due to the increased in transport fares by 10.0% in June 2018.
3. Shared taxi fixed route, short distance inflation rate rose from -0.1% in May 2018 to 10.0% in June 2018 due to the increased in transport fares by 10.0% in June 2018.

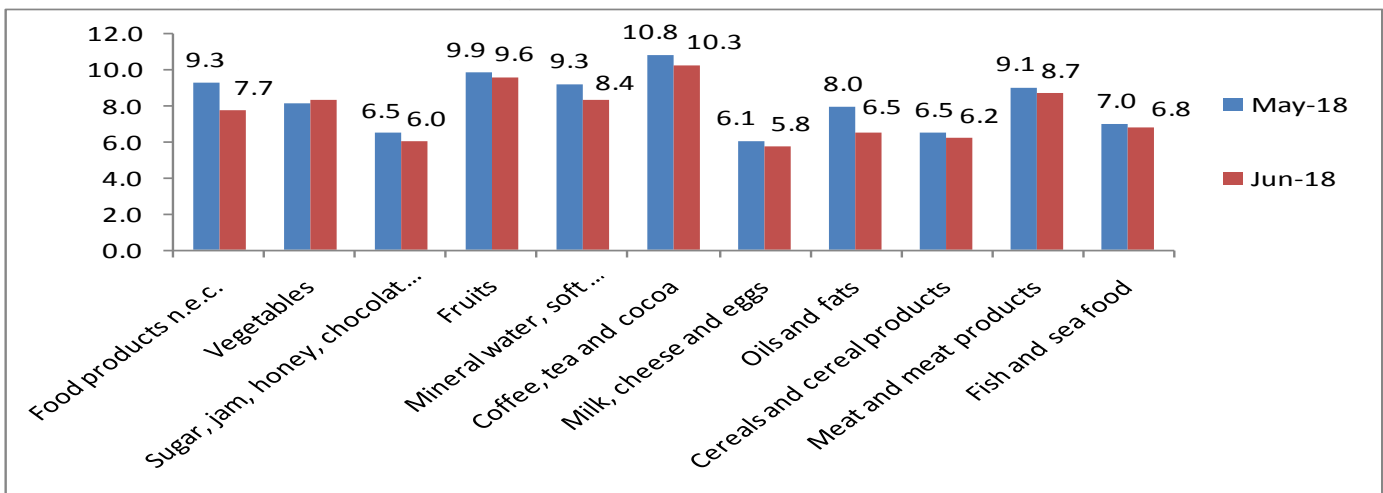
The month-on-month inflation rate for June 2017 was 0.9% compared to the 1.0% recorded in June 2018. The lower month-on-month change rate in June 2017 compared to that of June 2018 caused the year-on-year inflation rate to rise from 9.8% to 10.0%.

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

- a. Food products n.e.c. fell by 1.5 percentage points from 9.3% in May 2018 to 7.7% in June 2018.
- b. Oils and fats fell by 1.5 percentage points from 8.0% in May 2018 to 6.5% in June 2018.

- c. Mineral water, soft drinks, fruits and vegetable juices fell by **0.9** percentage point from 9.3% in May 2018 to 8.4% in June 2018.
- d. Coffee, tea and cocoa fell by **0.5** percentage point from 10.8% in May 2018 to 10.3% in June 2018.
- e. Sugar, jam, honey, chocolate and confectionery fell by **0.5** percentage point from 6.5% in May 2018 to 6.0% in June 2018.
- f. Meat and meat products fell by **0.4** percentage point from 9.1% in May 2018 to 8.7% in June 2018.
- g. Milk, cheese and eggs fell by **0.3** percentage point from 6.1% in May 2018 to 5.8% in June 2018.
- h. Cereals and cereal products fell by **0.3** percentage point from 6.5% in May 2018 to 6.2% in June 2018.
- i. Fruits fell by **0.3** percentage point from 9.9% in May 2018 to 9.6% in June 2018.
- j. Fish and seafood fell by **0.2** percentage point from 7.0% in May 2018 to 6.8% in June 2018 see Figure 3.

Figure 3: 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 June 2017 to June 2018.

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

ITEM	DESCRIPTION	Weight	Price change over 12 months
151	Mattress (foam)	0.3	32.8
189	Toyota Corolla	0.7	32.6
220	PC laptop	0.1	32.5
218	Digital photo camera	0.1	32.5
95	Imported cloth (Dutch/British)	0.4	32.5
266	Newspaper advertisement, (funeral, 1/8 page)	0.5	30.3
264	Legal service,(will fees)	0.5	29.8
191	Motor Bike eg. Yamaha AG 100	0.3	29.2
99	Simple Suit	0.1	28.4
156	Air conditioner	0.0	28.1
150	Double Bed (simple or ordinary)	0.2	27.9
190	Hyundai Accent	0.7	27.9
244	Hotel Accommodation	0.0	27.3
98	Kente (Men)	0.1	27.1
215	TV-set (21")	0.3	26.7
262	Motor vehicle insurance (third party)private saloon car	0.7	26.3
108	Kente (Women)	0.1	26.1
94	Cotton Local Super (cloth)	1.9	26.0
219	PC desktop	0.1	25.0
217	DVD-Player	0.2	24.3
157	Microwave oven	0.0	23.6
155	Refrigerator	0.3	23.6
192	Bicycle	0.1	23.1
196	Batteries (Car)	0.1	22.4
130	Sports shoes (canvas/cambo)	0.2	22.0
158	Gas cooker	0.1	21.5
181	Corrective eye-glasses (common lens)	0.0	20.3
107	smock	0.1	20.2
246	Hostels private	0.0	20.0
194	Tyres (car)	0.1	20.0
128	Dress shoe (women)	0.3	19.8
126	Dress shoe (men)	0.2	19.5

Regional Performance

1. Upper West region recorded the highest regional combined inflation rate (11.9%). Education (27.2%), Transport (22.9%), Clothing and Footwear (16.1%), Miscellaneous Goods and Services (15.9%), Furnishings, Household Equipment and Routine Maintenance (13.3%) and Recreation and Culture (12.1%) were responsible for the high inflation in the Upper West region.
2. Upper West region recorded the highest regional non-food inflation rate (14.8%) due to the rise in inflation for the following subgroups; Education, Transport, Clothing and Footwear and Miscellaneous Goods and Services.
3. Ashanti region recorded the highest food inflation rate (8.1%) due to Vegetables (10.7%), Coffee, tea and cocoa (10.6%), Oils and fats (10.5%), Non-alcoholic beverages (9.6%), Mineral water, soft drinks, fruit and vegetable juices (9.1%) and Meat and meat products (8.5%).