

Drivers of September 2018 Inflation rate (9.8%)

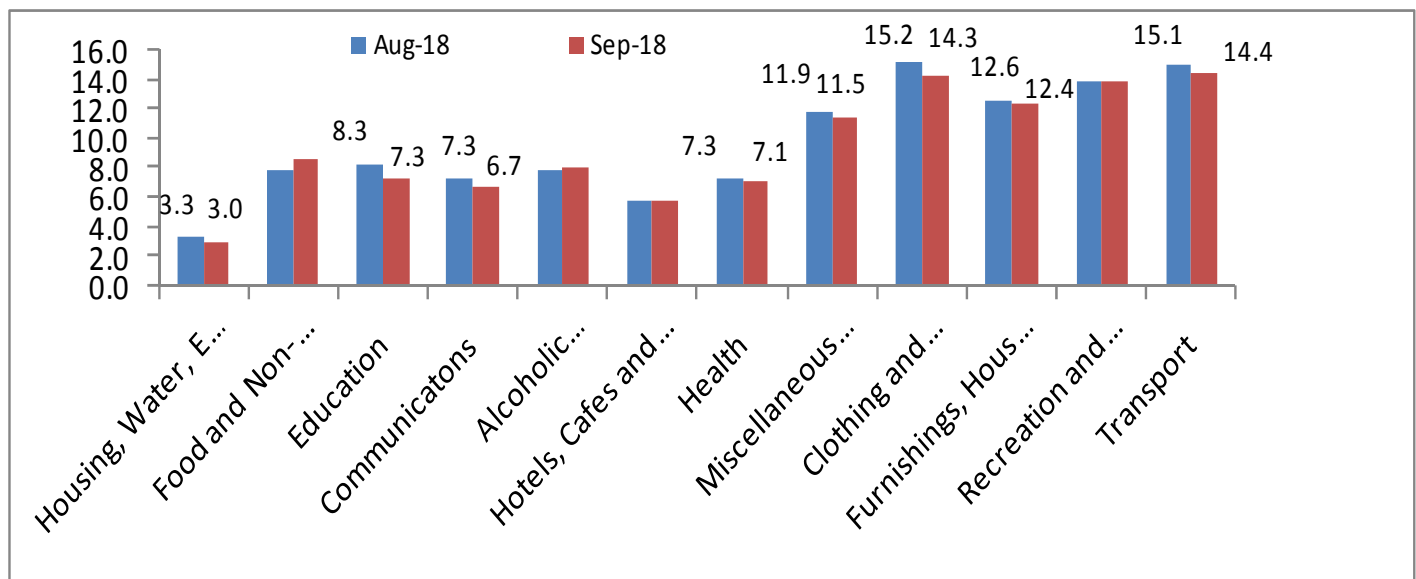
The year-on-year inflation rate for September 2018 was 9.8% compared with that of August 2018 which was 9.9% a fall of 0.1 percentage point.

REASONS FOR THE FALL IN THE RATE OF INFLATION

The **Non food group inflation** rate fell by 0.5 percentage point from 10.8% in August 2018 to 10.3% in September 2018 and the **Food group inflation** rate also rose from 7.9% in August 2018 to 8.7%. The non food inflation was responsible for the fall in the overall rate of inflation in September 2018.

The price drivers for September 2018 was mainly due to a fall in the rates of inflation for the Education group (1.0%), Clothing and Footwear group (0.9%), Transport group (0.7%), Communication group (0.6%), Miscellaneous Goods and Services group (0.4%), Housing, Water, Electricity, Gas and Others Fuels group (0.3%), Health group (0.2%) and Furnishings, Household Equipment and Routine Maintenance group (0.2%) see Figure 1.

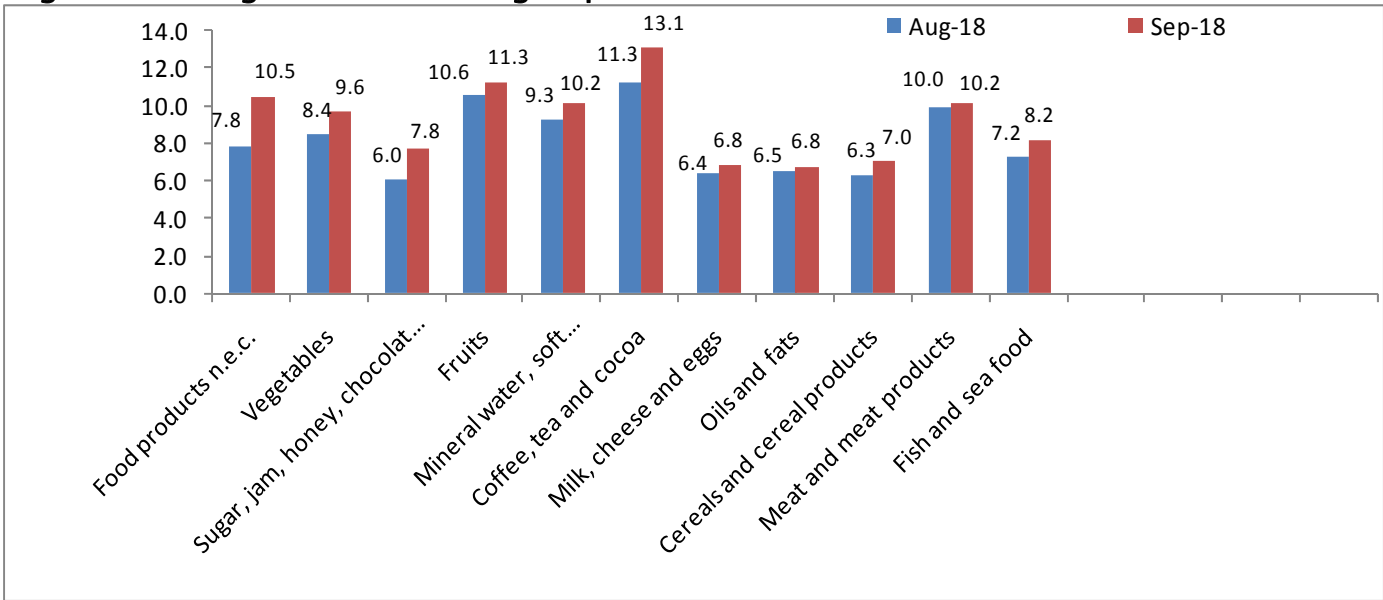
Figure 1: Changes in main COICOP groups' inflation rates



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

- a. Food products n.e.c. rose by **2.7** percentage points from 7.8% in August 2018 to 10.5% in September 2018.
- b. Coffee, tea and cocoa rose by **1.8** percentage points from 11.3% in August 2018 to 13.1% in September 2018.
- c. Sugar, jam, honey, chocolate and confectionery rose by **1.8** percentage points from 6.0% in August 2018 to 7.8% in September 2018.
- d. Vegetables rose by **1.2** percentage points from 8.4% in August 2018 to 9.6% in September 2018.
- e. Fish and seafood rose by **1.0** percentage point from 7.2% in August 2018 to 8.2% in September 2018.
- f. Mineral water, soft drinks, fruits and vegetable juices rose by **0.9** percentage point from 9.3% in August 2018 to 10.2% in September 2018.
- g. Fruits rose by **0.7** percentage point from 10.6% in August 2018 to 11.3% in September 2018.
- h. Cereals and cereal products rose by **0.7** percentage point from 6.3% in August 2018 to 7.0% in September 2018.
- i. Milk, cheese and eggs rose by **0.4** percentage point from 6.4% in August 2018 to 6.8% in September 2018.
- j. Oils and fats rose by **0.3** percentage point from 6.5% in August 2018 to 6.8% in September 2018.
- k. Meat and meat products rose by **0.2** percentage point from 10.2% in August 2018 to 10.2% in September 2018. see Figure 2.

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 September 2017 to September 2018.

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

ITEM	DESCRIPTION	Weight	Price change over 12 months
218	Digital photo camera	0.1	32.9
220	PC laptop	0.1	30.9
151	Mattress (foam)	0.3	29.3
95	Imported cloth (Dutch/British)	0.4	29.0
266	Newspaper advertisement, (funeral, 1/8 page)	0.5	28.8
191	Motor Bike eg. Yamaha AG 100	0.3	28.3
244	Hotel Accommodation	0.0	28.0
156	Air conditioner	0.0	27.6
264	Legal service,(will fees)	0.5	27.5
215	TV-set (21")	0.3	27.4
189	Toyota Corolla	0.7	25.9
207	Domestic air fare - 300 km, Accra-Kumasi	0.3	25.9
99	Simple Suit	0.1	25.9
217	DVD-Player	0.2	25.3
155	Refrigerator	0.3	25.1
150	Double Bed (simple or ordinary)	0.2	24.7
203	Driving lesson fees	0.0	24.6
98	Kente (Men)	0.1	24.3
219	PC desktop	0.1	23.4
130	Sports shoes (canvas/camboo)	0.2	23.4
108	Kente (Women)	0.1	23.4
157	Microwave oven	0.0	23.1
190	Hyundai Accent	0.7	22.7
158	Gas cooker	0.1	22.6
94	Cotton Local Super (cloth)	1.9	21.5
246	Hostels private	0.0	21.5
192	Bicycle	0.1	21.4
112	Boubou	0.1	21.1
126	Dress shoe (men)	0.2	20.9
181	Corrective eye-glasses (common lens)	0.0	20.2
128	Dress shoe (women)	0.3	19.8
113	Two pieces dress	0.1	19.6
96	Imported cloth (China)	0.4	17.9
107	smock	0.1	17.9

Regional Performance

1. Upper West region recorded the highest regional combined inflation rate (11.9%). Transport (22.5%), Miscellaneous Goods and Services (15.2%), Clothing and Footwear (13.9%). Furnishings, Household Equipment and Routine Maintenance (12.4%) 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 (13.8%) 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 (9.4%) due to Coffee, tea and cocoa (13.5%), Vegetables (12.3%), , Oils and fats (11.8%), Non-alcoholic beverages (11.5%), Mineral water, soft drinks, fruit and vegetable juices (10.5%), Food products n.e.c (10.4%) and Meat and meat products (10.1%).