

PRESS RELEASE

CONSUMER PRICE INDEX AND INFLATION

18TH SEPTEMBER 2019



**GHANA
STATISTICAL SERVICE**

In this release, we present

- Definitions, data and computations of Consumer Price Index
- (CPI) and Inflation
- Rationale and Processes for Rebasing CPI
- CPI and Inflation for August 2019
- Disaggregation of August 2019 Inflation Rate
- Highlights
- Next steps

Definitions, data and computation of CPI and Inflation (1/2)

- CPI measures changes in the price of a fixed basket of goods and services purchased by households.
- The assumption is that the basket is purchased each month hence as price changes each month, the total price of the basket will also change
- CPI **does not** measure price levels
- CPI is a price perspective measure and cost-of-living index is an expenditure oriented measure

Rationale and Processes for Rebasing CPI (1/2)

- Account for changes in consumption patterns over time
- Define a fixed basket of items based on an updated household expenditure survey
- Determine the weights associated with the items based on levels of expenditure
- Identify a base year to offer a common reference point for price comparison

Rationale and Processes for Rebasing CPI (2/2)

- Reference period for basket of items and weights is 2017 using the seventh round of the Ghana Living Standards Survey
- Reference period for price (base year) is 2018

Activity	New Basket	Old Basket
Items (e.g. Local Rice)	307	267
Classification of Individual Consumption According to Purpose (COICOP Classification)	2018	1998
Number of observations (Brands)	39,963	25,444

CPI and Inflation for August 2019

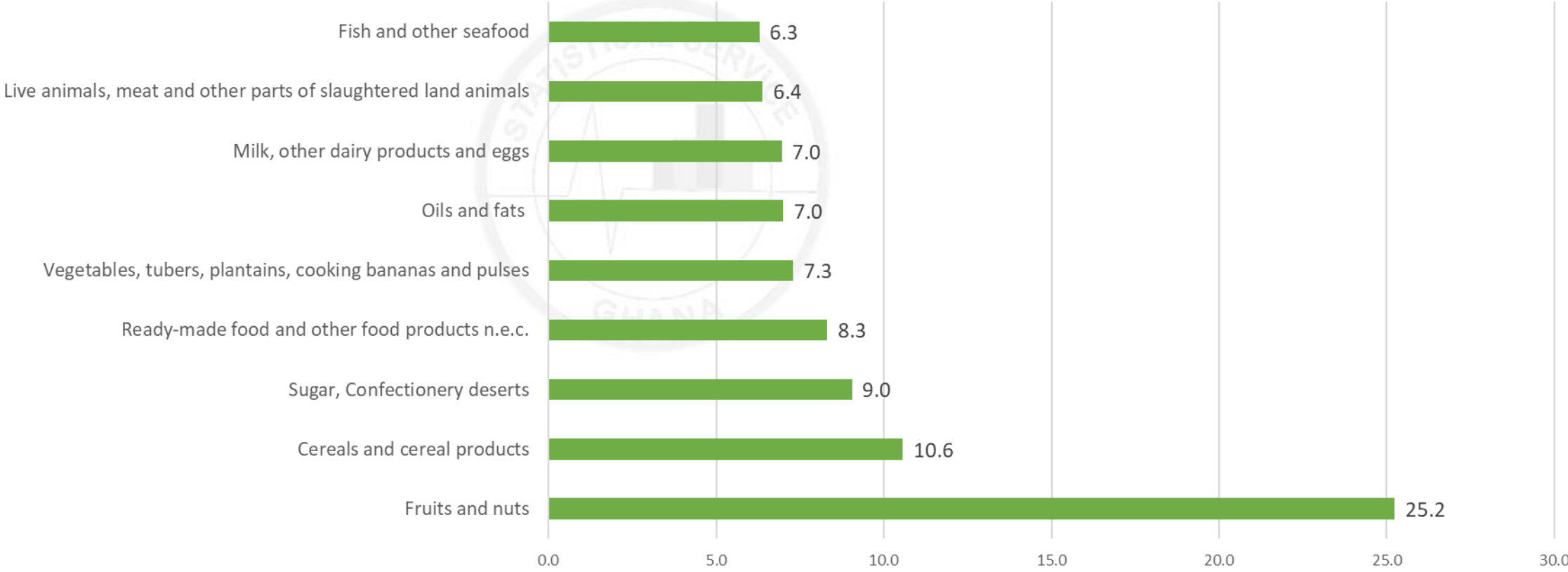
Consumer Price Index (CPI), August 2019

Month	Index '18 = 100	Change rate (%)	
		Monthly	Yearly
Aug. 18	100.8	-	-
Aug. 19	108.7	-	7.8

- The annual (year-on-year) inflation rate for August 2019 was 7.8%
- This means that in the month of August 2019 the change in the general price level was 7.8% higher than August 2018.
- The August 2019 inflation rate of 7.8% can **NOT** be compared with previous inflation rates

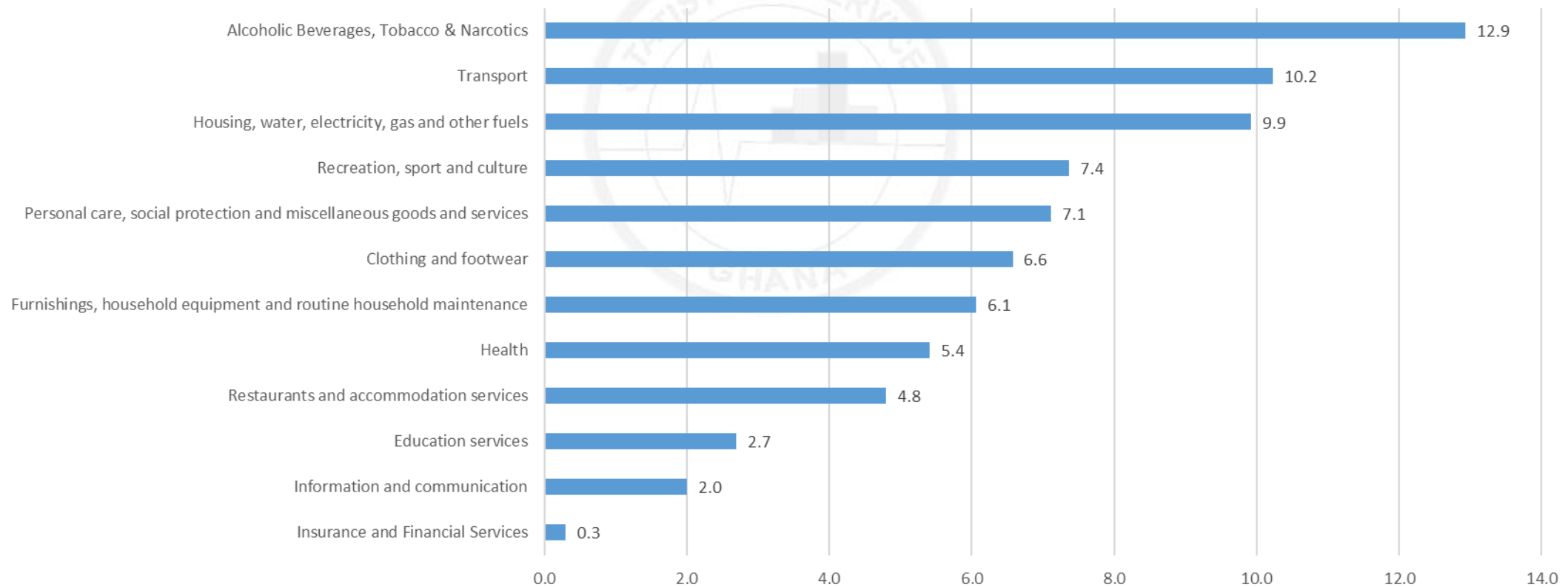
Disaggregation of August 2019 Inflation Rate (2/6)

• *Food inflation 8.2 percent*



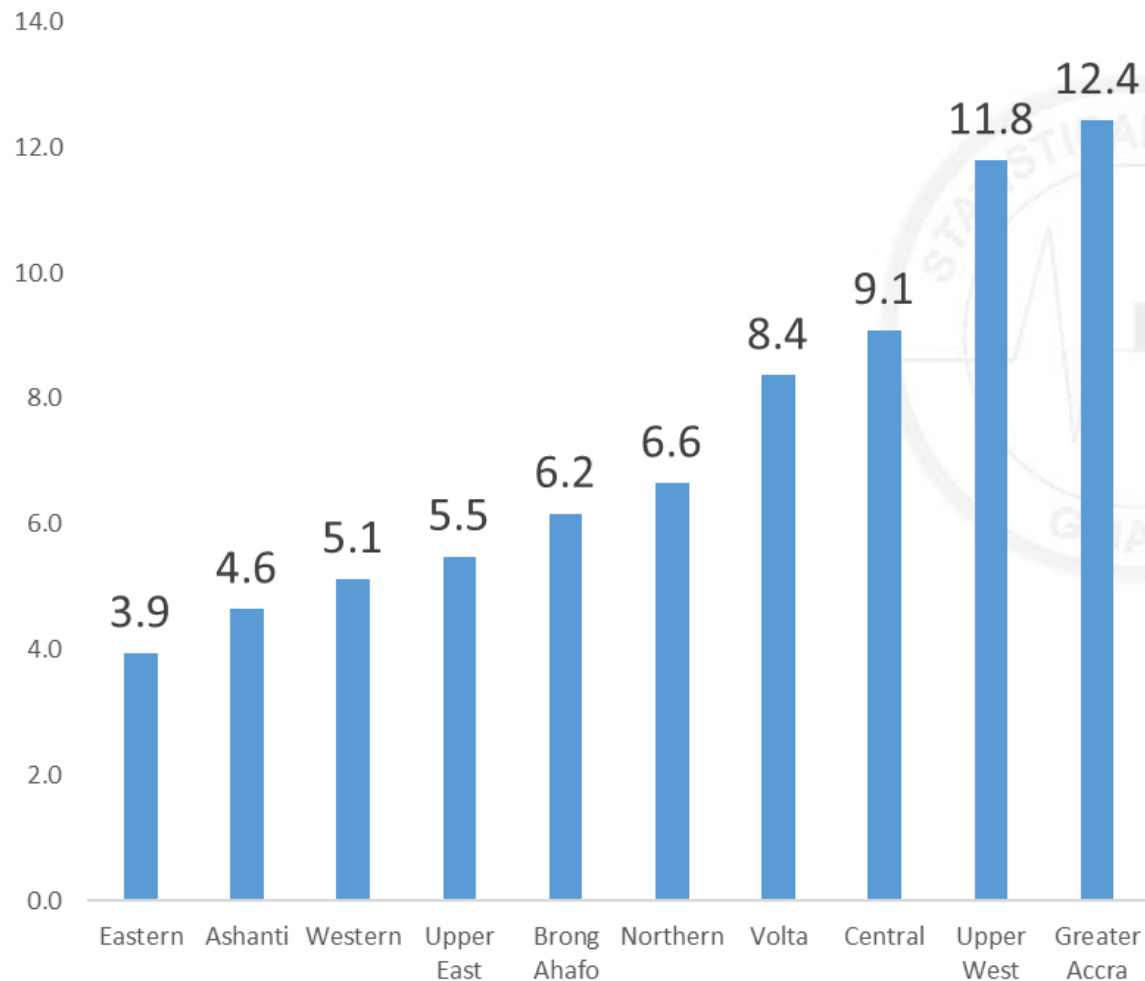
Disaggregation of August 2019 Inflation Rate (3/6)

Non-food inflation 7.4 percent



Disaggregation of August 2019 Inflation Rate (4/6)

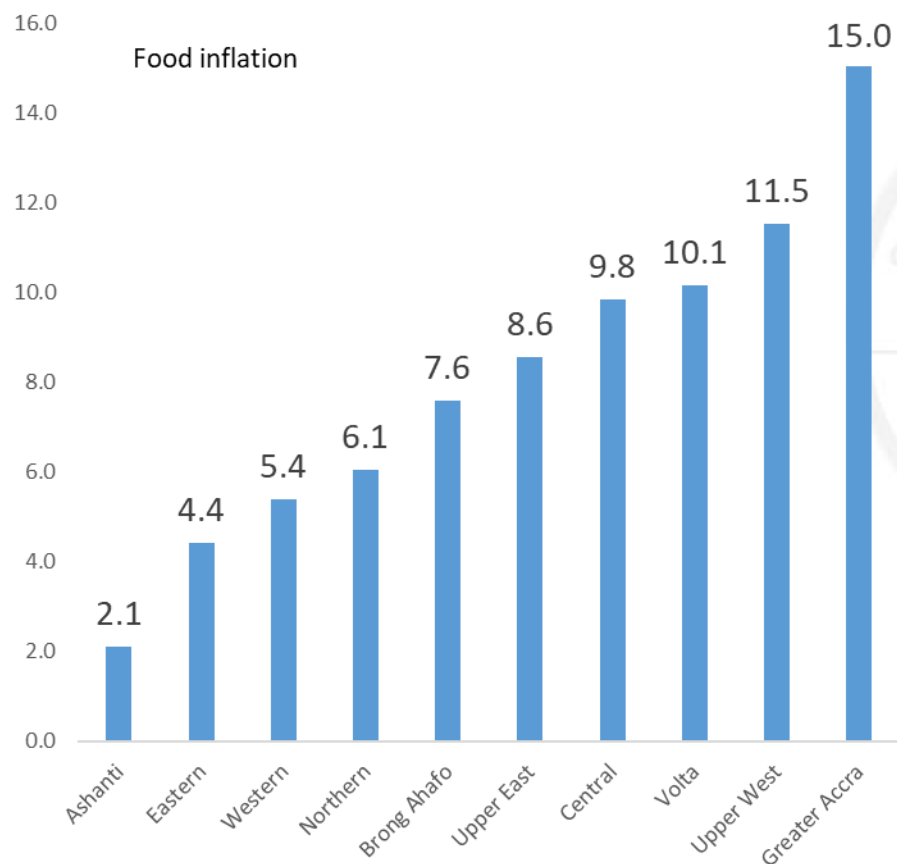
Year-on-year inflation rate (%) by region, August 2019



Year-on-Year Combined Inflation Rate (%) in August 2019

Greater Accra Region	Weight	Aug. '19
Education Services	2.7	21.8
Restaurants and accommodation services	1.3	16.5
Food and Non-Alcoholic Beverages	11.3	15.0
Personal care, social protection and miscellaneous goods and services	0.6	13.6
Information and communication	1.2	11.5
Alcoholic Beverages, Tobacco and Narcotics	0.5	10.1
Transport	3.9	8.6
Furnishings, Household Equipment and Routine maintenance	0.8	7.6
Health	0.2	6.1
Recreation, sports and Culture	0.6	5.1
Clothing and Footwear	1.8	4.4
Housing, water, electricity, gas and other fuels	3.6	2.1
Greater Accra – Combined		12.4

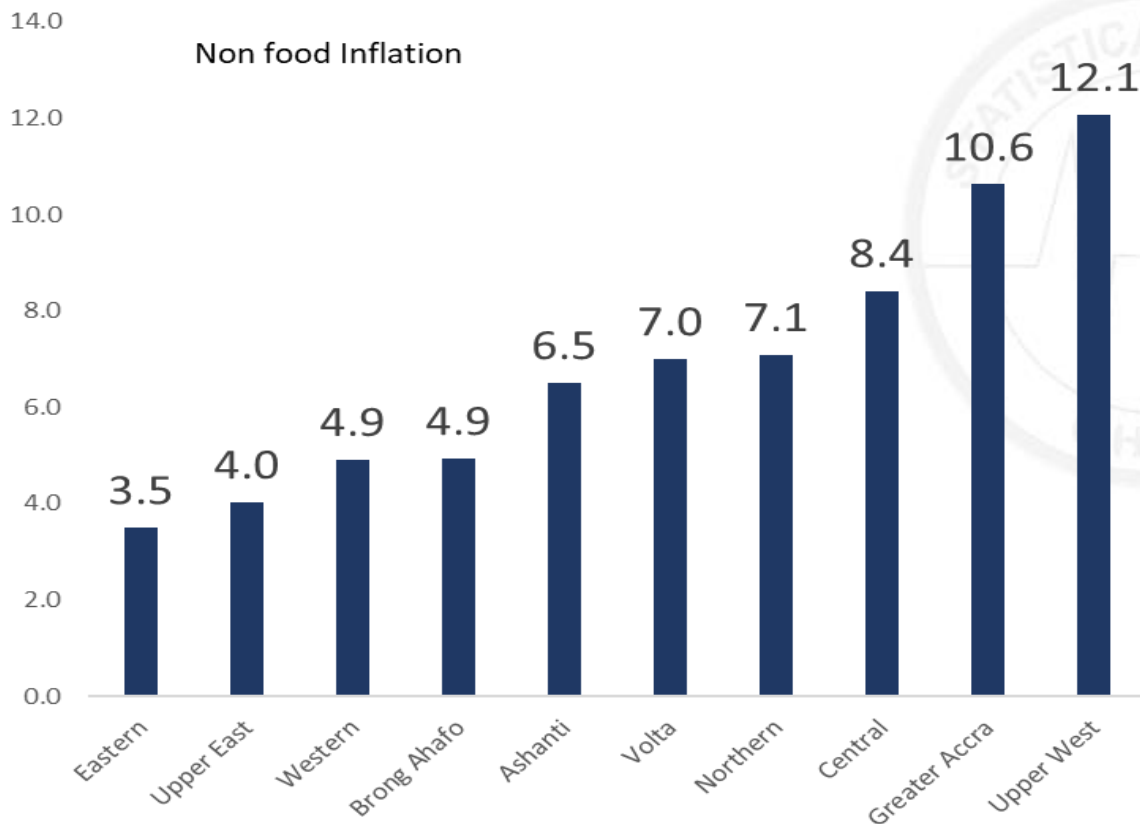
Disaggregation of August 2019 Inflation Rate (5/6)



Year on Year Food Inflation Rate (%) in August 2019 for GAR		
Greater Accra Region: Food	Weight	August 2019
Cereals and cereal products	2.0	17.6
Live animals, meat and other parts of slaughtered land animals	0.9	17.0
Fruit and vegetable juices	0.1	12.9
Oils and fats	0.3	10.5
Fruits and nuts	0.4	9.9
Coffee and coffee substitutes	0.0	9.2
Fish and other seafood	1.6	7.4
Tea, maté and other plant products for infusion	0.0	6.1
Water	0.1	2.4
Sugar, confectionery and desserts	0.2	2.4
Ready-made food and other food products n.e.c.	2.7	2.4
Soft drinks	0.2	2.0
Milk, other dairy products and eggs	0.4	1.9
Vegetables, tubers, plantains, cooking bananas and pulses	2.4	-2.8

Disaggregation of August 2019 Inflation Rate (6/6)

Year-on-year inflation rate (%) by region, August 2019



Year on Year Non-food Inflation Rate (%) in August 2019

Upper West Region: Non-Food	Weight	Aug. '19
Alcoholic Beverages, Tobacco and Narcotics	0.2	21.8
Housing, water, electricity, gas and other fuels	0.1	16.5
Furnishings, Household Equipment and Routine maintenance	0.0	15.0
Education Services	0.0	13.6
Health	0.0	11.5
Recreation, sports and Culture	0.0	10.1
Personal care, social protection and miscellaneous goods and services	0.0	8.6
Clothing and Footwear	0.1	7.6
Restaurants and accommodation services	0.0	6.1
Transport	0.1	5.1
Information and communication	0.0	4.4
Upper West- Non-Food		12.1

Highlights

- Year-on-year August 2019 inflation was 7.8 percent
- In August 2019, the differential inflation rate between food (8.2%) and non-food inflation (7.4%) was 0.8 percent
- In August 2019, the differential inflation rate between locally produced items (7.9%) and imported items (7.6%) was 0.3 percent
- Four regions {Greater Accra (12.4%), Upper West (11.8%), Central (9.1%) and Volta(8.4%)} recorded inflation rates above the national average of 7.8 percent
- Eastern region recorded the lowest year-on-year inflation rate (3.9%) in August 2019

Next steps

- Release of CPI for six newly created regions is being considered
- Estimate chain link to engender historical comparison
- Automate the estimation procedure through the development of a Reproducible Analytical Pipeline
- National consideration of weighing items to inform pricing
- Use of alternative procedures including the collection of VAT receipts and deployment of scanners
- Evolution of supermarkets and the use of big data
- Reliance on internet and newspapers for price scrapping
- Continue to engage peer institutions (StatsDenmark and ONS) and IMF for continuous improvement

End of Press Release for August 2019 Rebased Consumer Price Index

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