



Inflation Report - February 2022

March 10, 2022





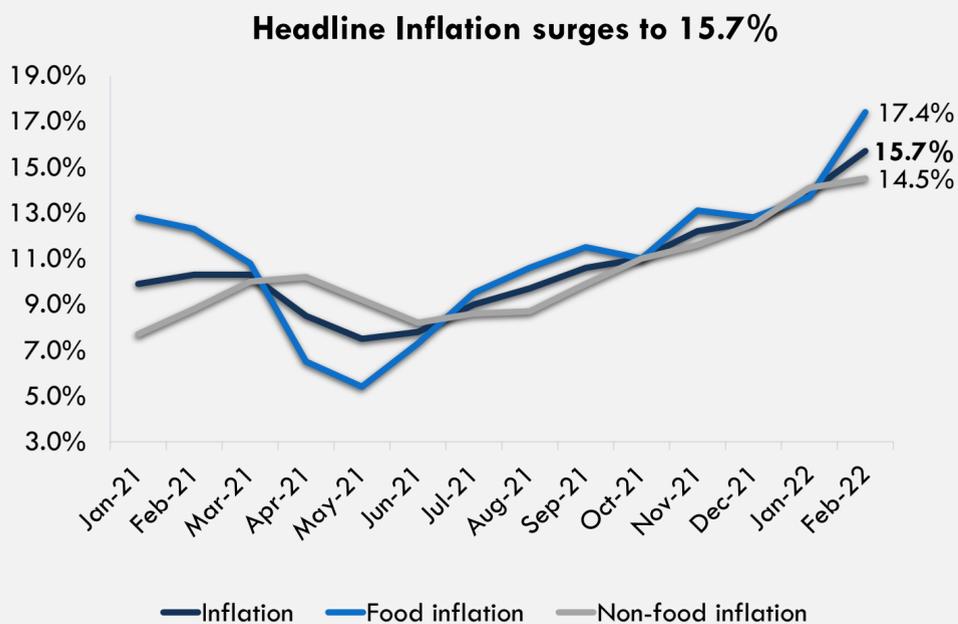
Inflation Report

Headline inflation for the month of February 2022 surged to 15.7% from the 13.9% recorded in January 2022. This is the ninth consecutive increase in headline inflation since June 2021, the highest level of inflation since the rebasing of the Consumer Price Index (CPI) in August 2019; and also the highest headline inflation reading since October 2016. This increase was largely driven by the rise in fuel prices, electricity and gas, housing and water during the month.

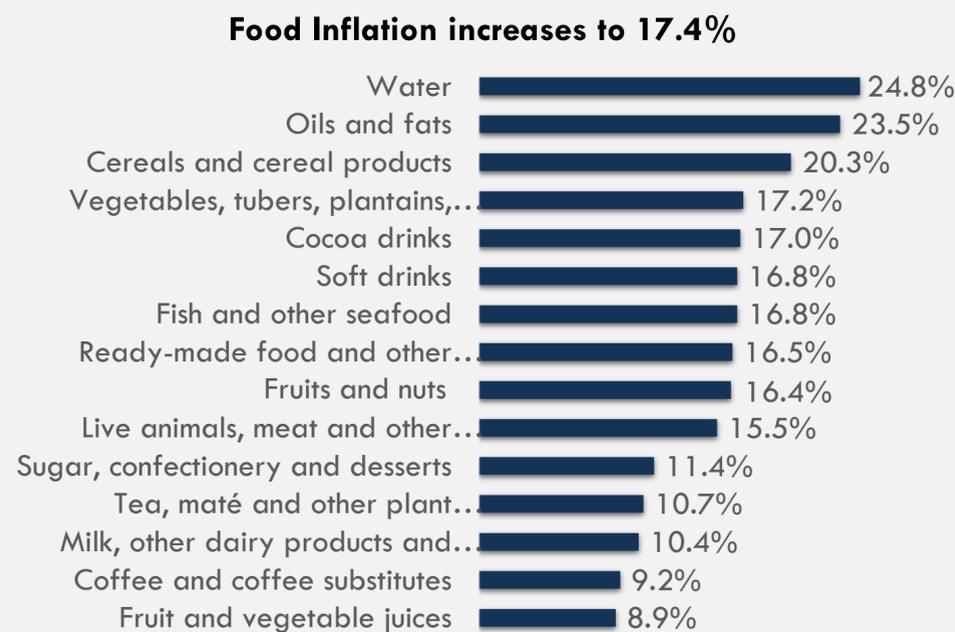
Food inflation, which was the main driver of inflation for February 2022, increased to 17.4% from the 13.7% recorded in the January 2022 reading. Non-food inflation for the period under review recorded a 0.4% increase to 14.5% from the 14.1% recorded in January 2022. Housing, water, electricity, gas and other fuels recorded the highest inflation of 25.4%. At the regional level, the YoY inflation rate ranged from 11.6% to 19.5%. The Western Region recorded the least inflation rate of 11.6% whereas the Greater Accra Region recorded the highest rate of 19.5%. Greater Accra was the only region to record an inflation rate above the national average of 15.7%.

Inflation expectations remain elevated for the next few months due to rising oil prices, ongoing geopolitical tension between Russia and Ukraine coupled with the local currency (GHS) depreciation. The delay in the implementation of the E-levy (announced in the 2022 budget) also raises some fiscal concerns despite the announced 20% cut in government expenditure. The pass through effect of some cost-push factors to inflation (rising fuel prices and rising cedi depreciation) is expected to push headline inflation up further and stay in double digits throughout the year. Our opinion remains unchanged from previous, as we expect a contractionary decision (50 - 150bps increase in the policy rate) by the Monetary Policy Committee in its sitting later this month and also prompt policy action should the risk to price stability further heighten.

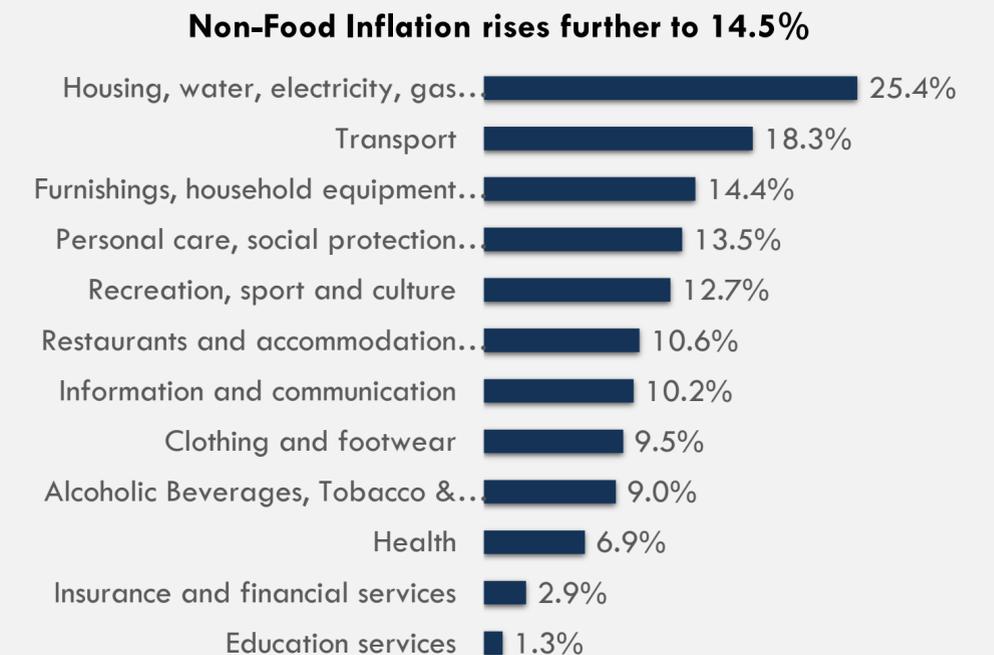
Headline Inflation Trend



Food inflation by major subgroups



Non-food inflation by major subgroups





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