



Inflation Report

January 2022





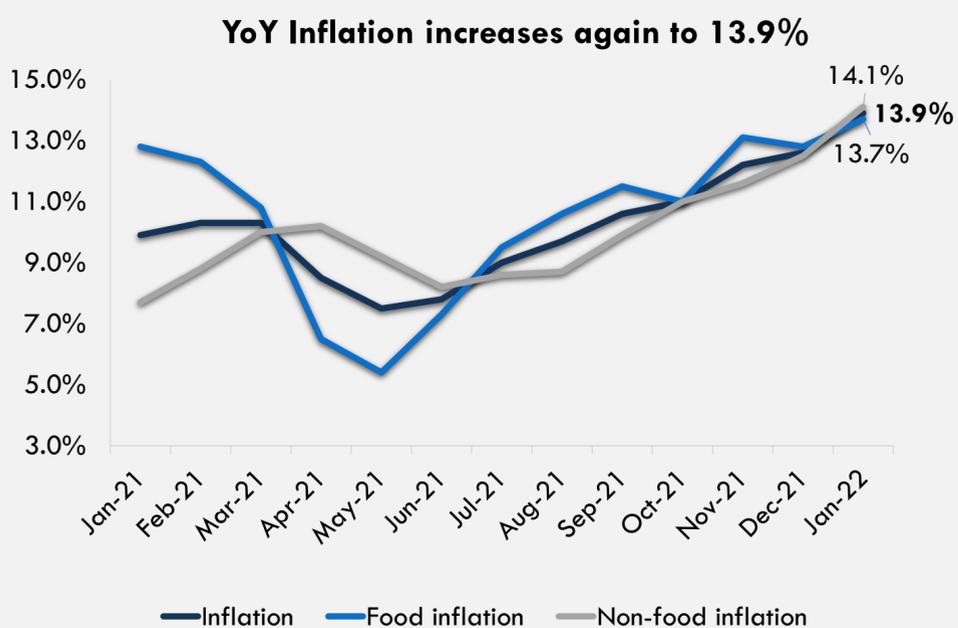
Inflation Report

The year-over-year (YoY) inflation for January 2022 rose to 13.9% from the 12.6% recorded in December 2021. This is the eighth 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 January 2017. The uptick was driven largely by the rise in prices of some non-food items including housing, water and gas, electricity and transport during the month.

Non-food inflation, which was the main driver of inflation for January 2022, increased to 14.1% from the 12.5% recorded in the December 2021 reading. Housing, water, electricity, gas and other fuels recorded the highest inflation of 28.7% followed by transport at 17.4%. Food inflation for the period under review recorded a 0.9% increase to 13.7% from the 12.8% recorded in December 2021. At the regional level, the YoY inflation rate ranged from 6.9% to 18.4%. The Eastern Region recorded the least inflation rate of 6.9% whereas the Upper West Region recorded the highest rate of 18.4%. Three regions (Upper West, Northern and Greater Accra) recorded inflation rates above the national average of 13.9%.

Inflation expectations remain elevated for the next couple of months due to steady cedi depreciation as well as rising oil prices globally, and its pass-through effect on the supply-side pressure on general price levels. Headline inflation is likely to stay in double digits in the first half of the year. The announced fiscal tightening measure, i.e. the 20% cut in expenditure by government to compensate for the anticipated shortfall in revenue may ease the demand-side pressure on inflation if implemented. We expect a contractionary decision (50 - 100bps increase in the policy rate) by the Monetary Policy Committee in its sitting in March 2022. Prompt policy action can be expected should the risk to price stability heighten.

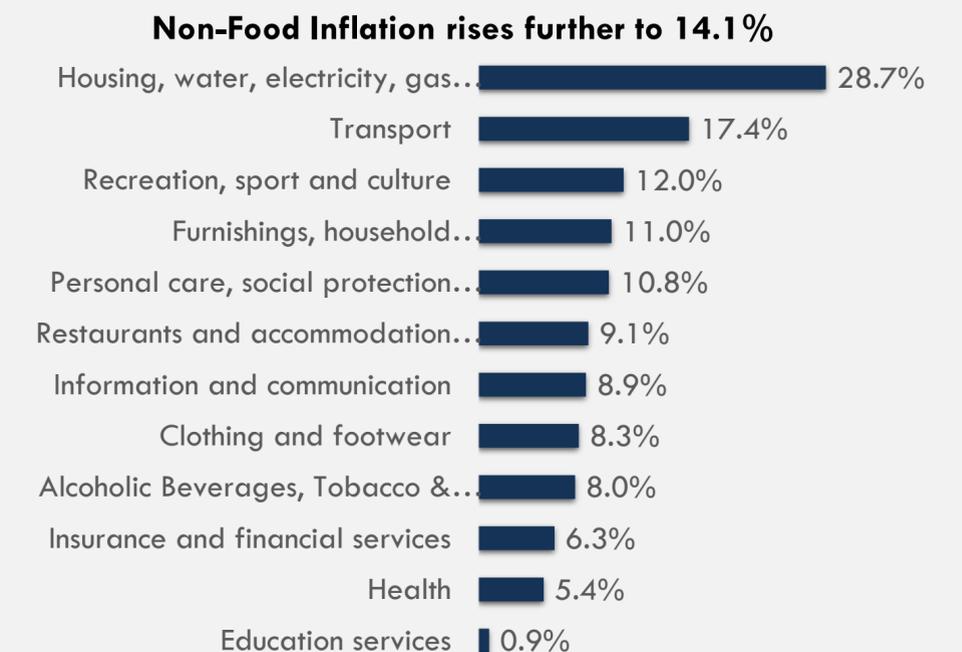
Headline Inflation Trend



Food inflation by major subgroups



Non-food inflation by major subgroups





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