



# PRESS RELEASE

## CONSUMER PRICE INDEX AND INFLATION

12 August 2020



GHANA  
STATISTICAL SERVICE

## In this release, we present:

- Definition and Measurement of Consumer Price Index (CPI) and rate of inflation
- CPI and rate of inflation for July 2020
- Core Inflation as a result of COVID-19 associated volatilities in prices
- Dominant Divisions of inflation for July 2020
- Disaggregation of July 2020 rate of inflation
- Highlights of CPI and rate of inflation for July 2020

## Definition and measurement of CPI and rate of inflation (1/3)

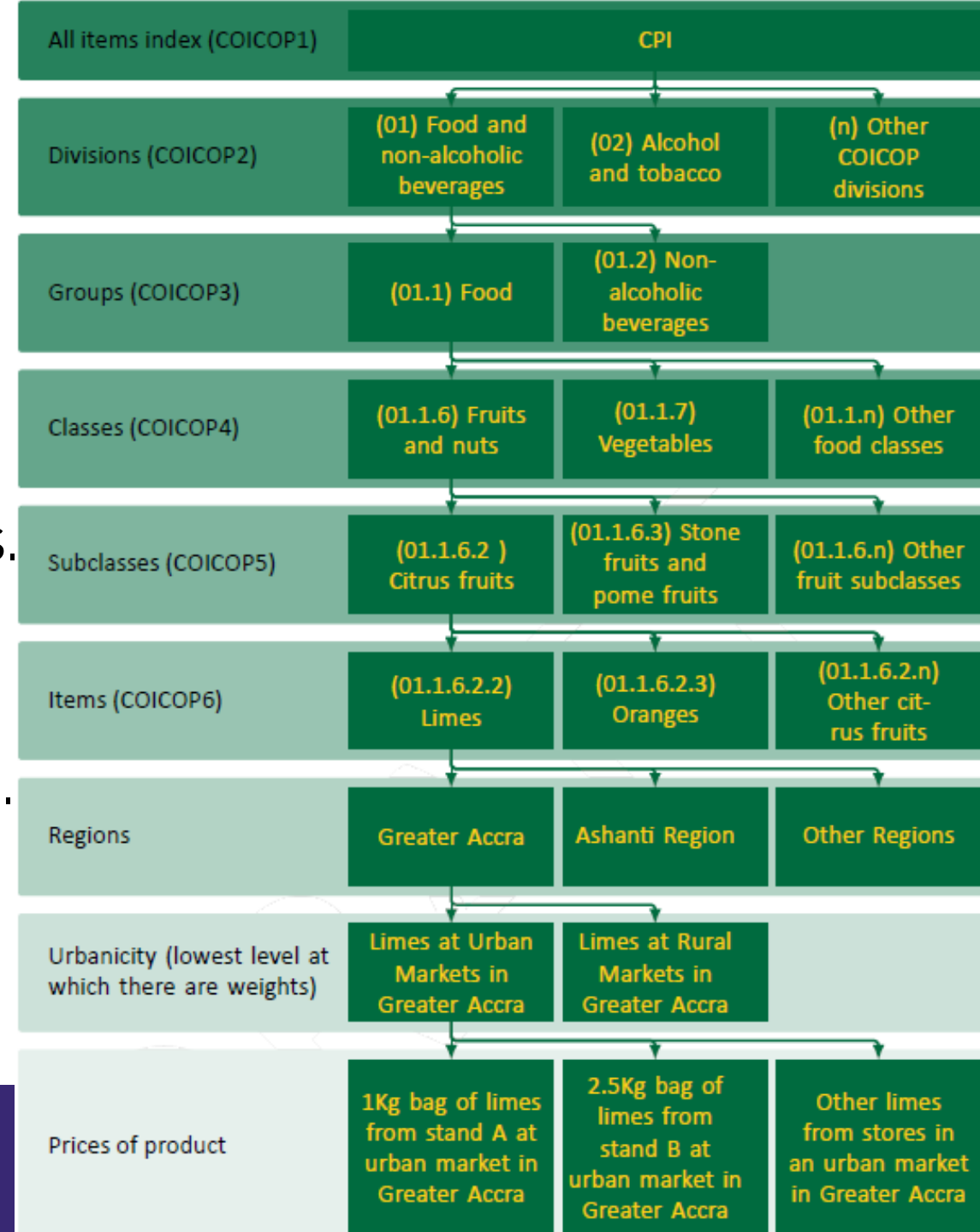
- CPI measures changes in the price of a fixed basket of goods and services purchased by households
- The assumption is that the basket is purchased each month, hence as price changes each month, the total price of the basket will also change
- The rate of inflation is the relative change in CPI between periods
- Inflation is reported year-on-year (annual inflation) and month-on-month (monthly inflation), and granulated to determine regional and commodity type and source of inflation

## Definition and measurement of CPI and rate of inflation (2/3)

- CPI does not measure price levels
- CPI is a price perspective measure and cost-of-living index is an expenditure oriented measure
- Data (market readings) are captured monthly
- Key variables are prices, quantities and expenditure weights of items
- Price reference year is 2018 (2018 = 100)

# Definition and measurement of CPI and rate of inflation (3/3)

- Price are collect for approximately 39,500 products every month.
- Price collection is done in 44 markets
- Prices are collect from 7,726 outlets.
- Products are ordered in a hierarchy of 307 Items, 156 Subclasses, 98 Classes, 44 Groups, and 13 Divisions.
- Every Item can only be part of one Subclass, and every Subclass can only be part of one Class, etc.



# CPI and rate of inflation for July 2020

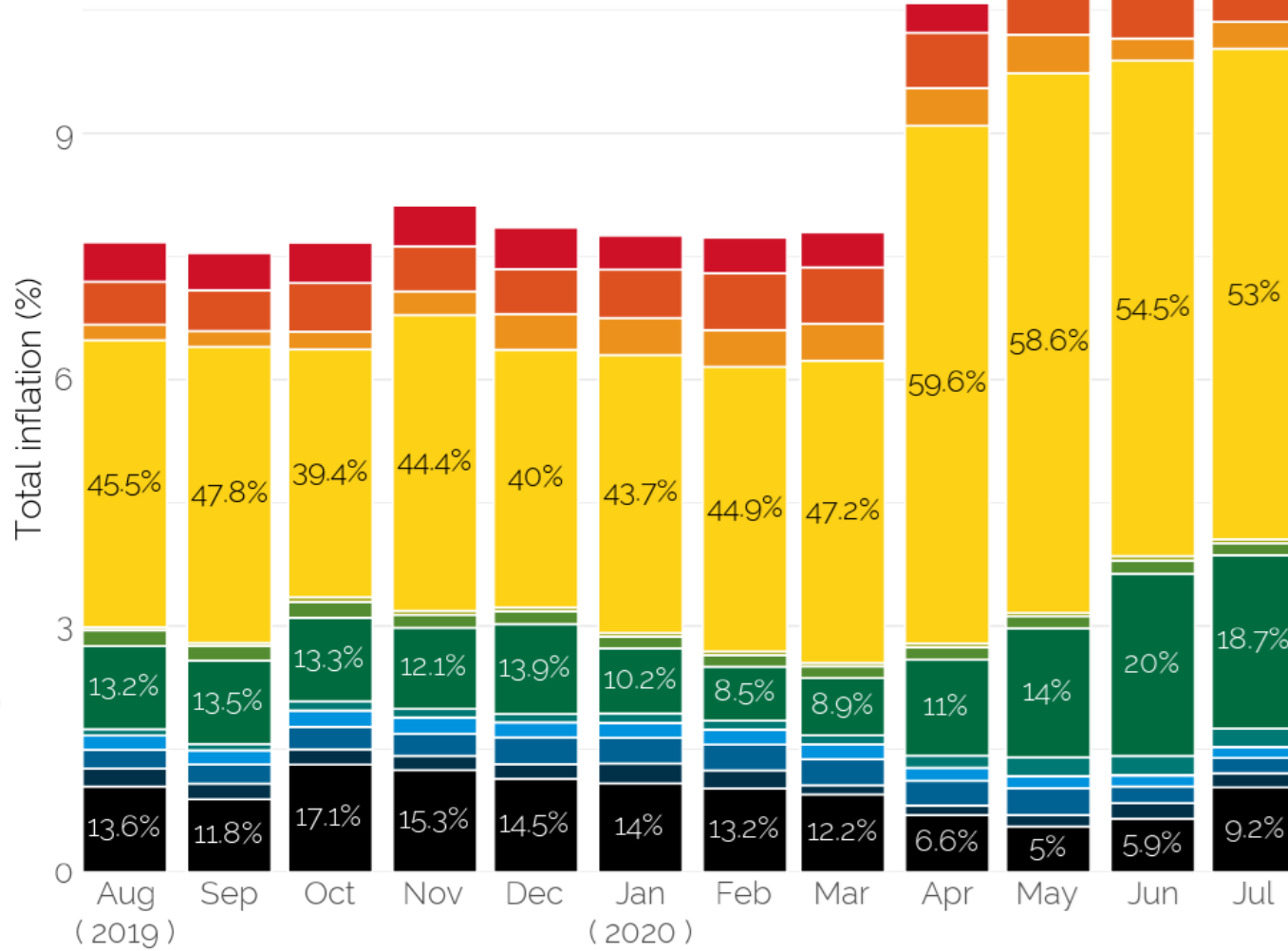
- CPI for July 2020 was 120.5 relative to 119.8 in June 2020
- Year-on-year inflation rate for July 2020 was 11.4%
- This means that in the month of July 2020 the general price level was 11.4% higher than in July 2019
- Month-on-month inflation between June 2020 and July 2020 was 0.5%

Month	CPI	Inflation	
		Monthly	Yearly
Aug - 2019	108.6	-	7.8%
Sep - 2019	108.5	0.0%	7.6%
Oct - 2019	109.0	0.4%	7.7%
Nov - 2019	109.7	0.7%	8.2%
Dec - 2019	110.0	0.3%	7.9%
Jan - 2020	111.6	1.4%	7.8%
Feb - 2020	112.1	0.4%	7.8%
Mar - 2020	113.0	0.8%	7.8%
Apr-2020	116.6	3.2%	10.6%
May-2020	118.6	1.7%	11.3%
June-2020	119.8	1.0%	11.2%
July-2020	120.5	0.5%	11.4%

## Core Inflation as a result of COVID-19 associated volatilities in prices

- Core inflation is a measure of inflation designed to minimize the effects of sudden price changes. These changes are mostly influenced by month-on-month unexpected drops and surges of prices of certain volatile goods and services. GSS does this by eliminating volatile products such as Food Items, Energy and Utility from the index calculation.
- In July 2020 the core inflation was 9.3%.
- The average core inflation between March 2020 and May 2020 was 7.7% and June 2020 core inflation was 8.8%.

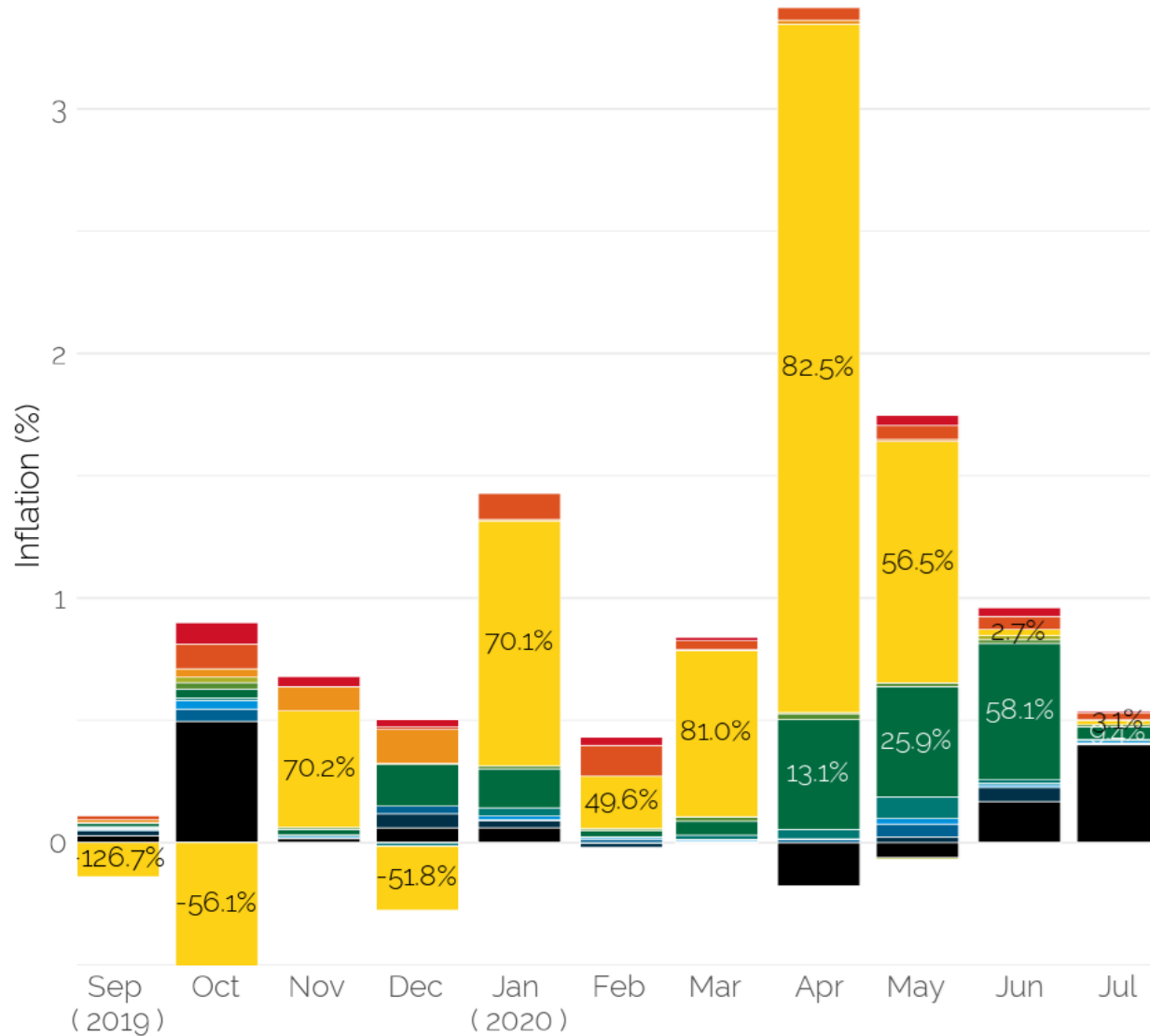
# Composition of year-on-year inflation



- Food contributed 53.0% to the year-on-year inflation in July 2020.
- The contribution of Transport prices went up compared to the last three months
- This is due to the increased fuel prices



# Composition of month-on-month inflation

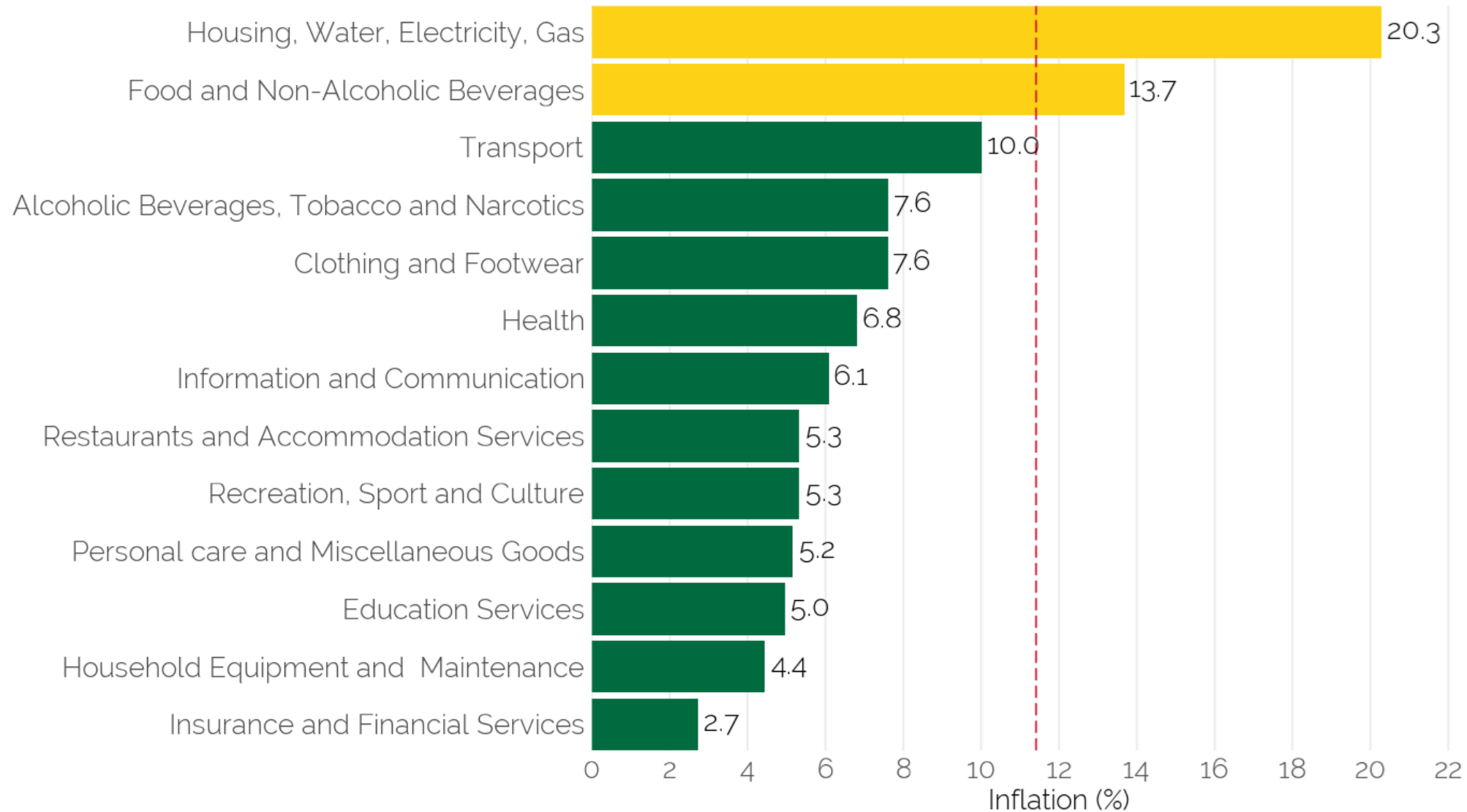


- Compared to earlier months, Transport contributed more to year-on-year inflation (9.2%) and month-on-month inflation (74.4%)
- This is due the reversing of the dip in fuel prices

# Disaggregation of July 2020 rate of inflation

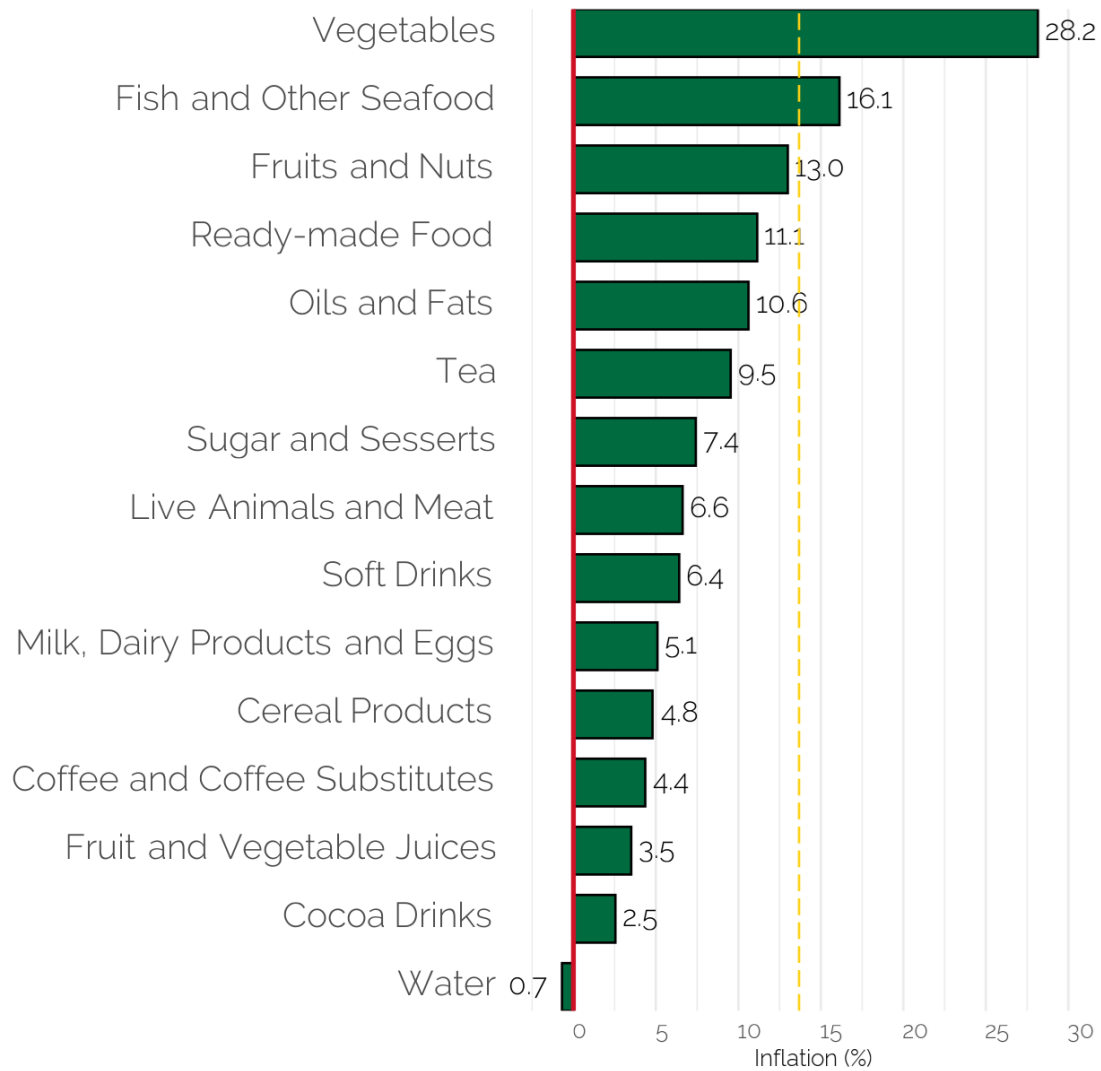
- Food inflation was 13.7%
  - Last month this was 13.8%
  - 8 months before March this was on average 7.9%
  - Month-on-month Food inflation was 0%.
- Non-food Inflation was 9.7 %
  - Last month this was 9.2%
  - 8 months before March this was on 7.8%
- Inflation for locally produced items was 14.1%
- Inflation for imported items was 5.1%

# Disaggregation of year-on-year inflation by Division

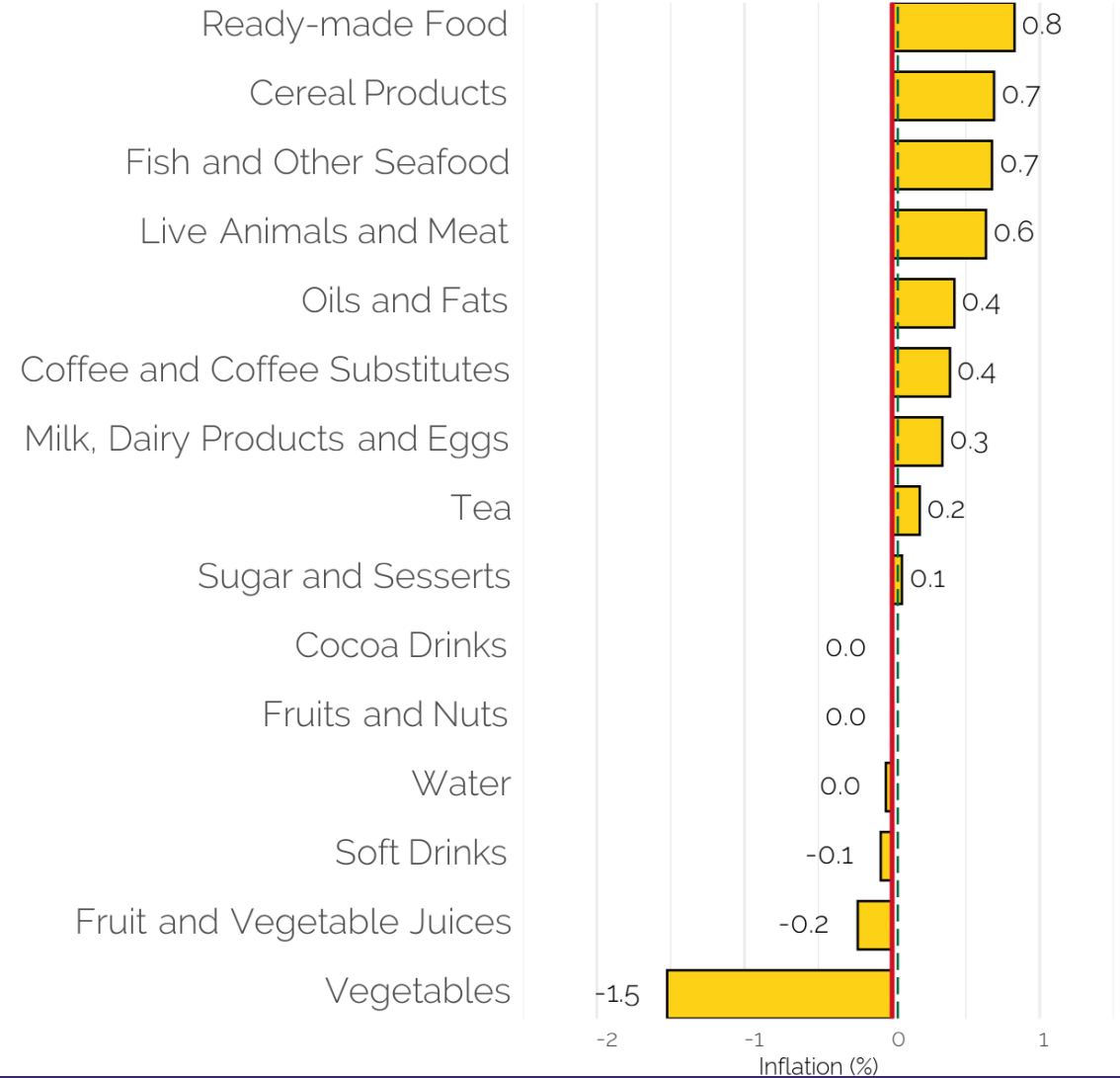


# Disaggregation of YoY and MoM Food-inflation by Subclass

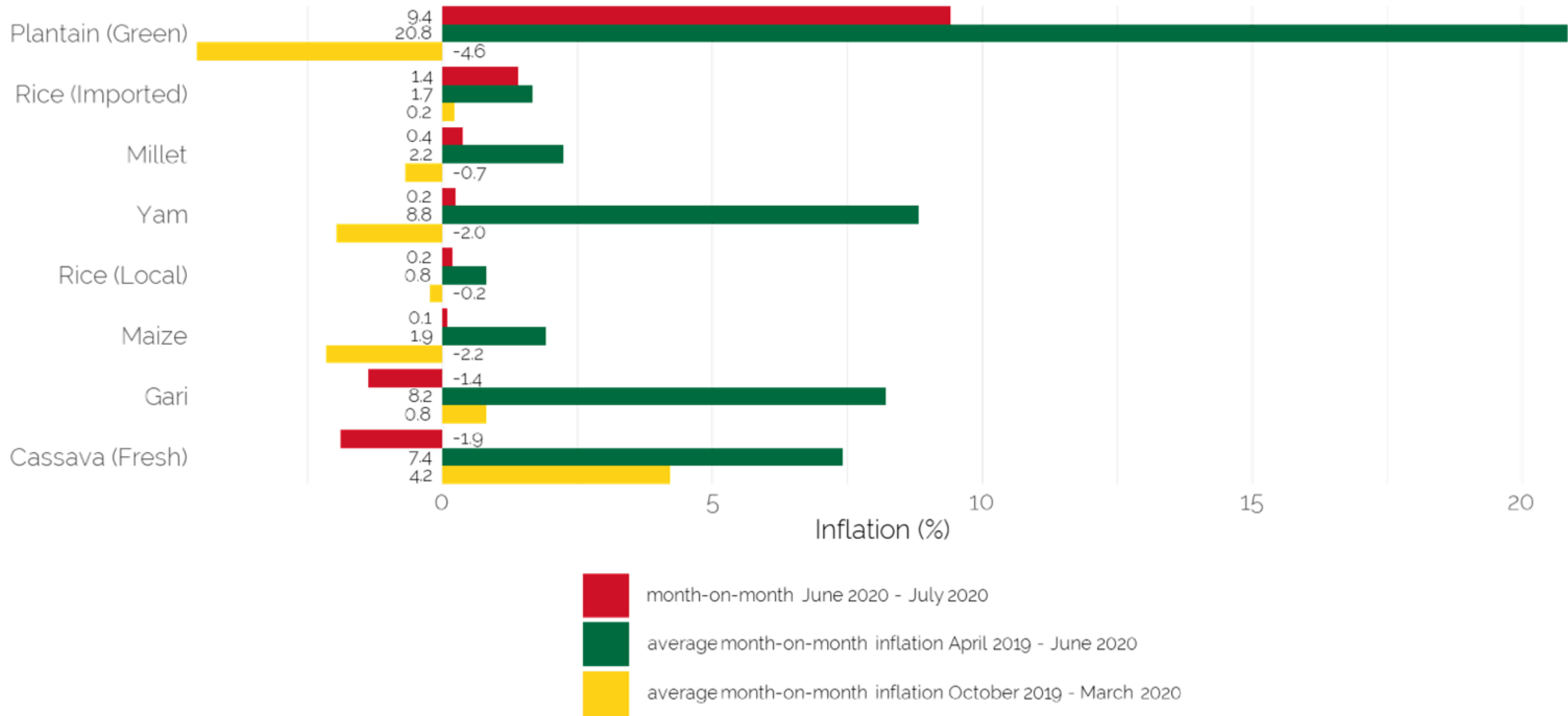
Year-on-year food inflation Jul 2020



Month-on-month food inflation Jul 2020



# Inflation of staple foods

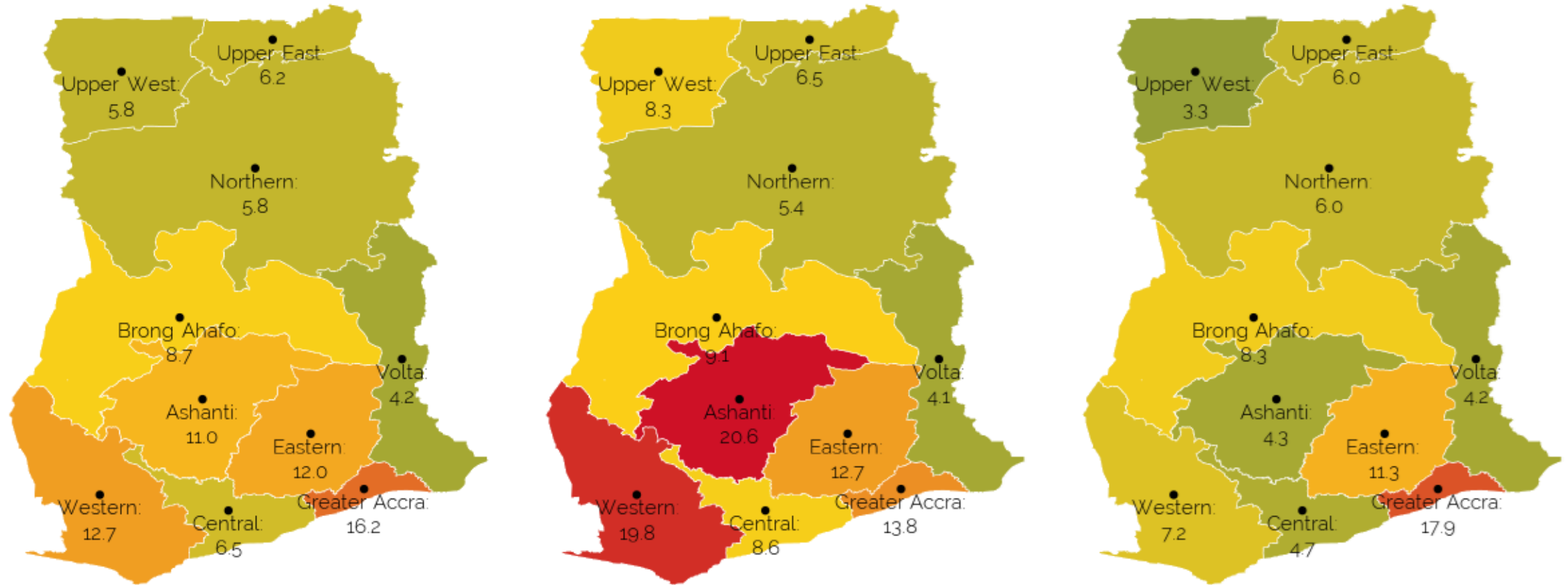


# July 2020 regional rates of inflation

Overall inflation

Food inflation

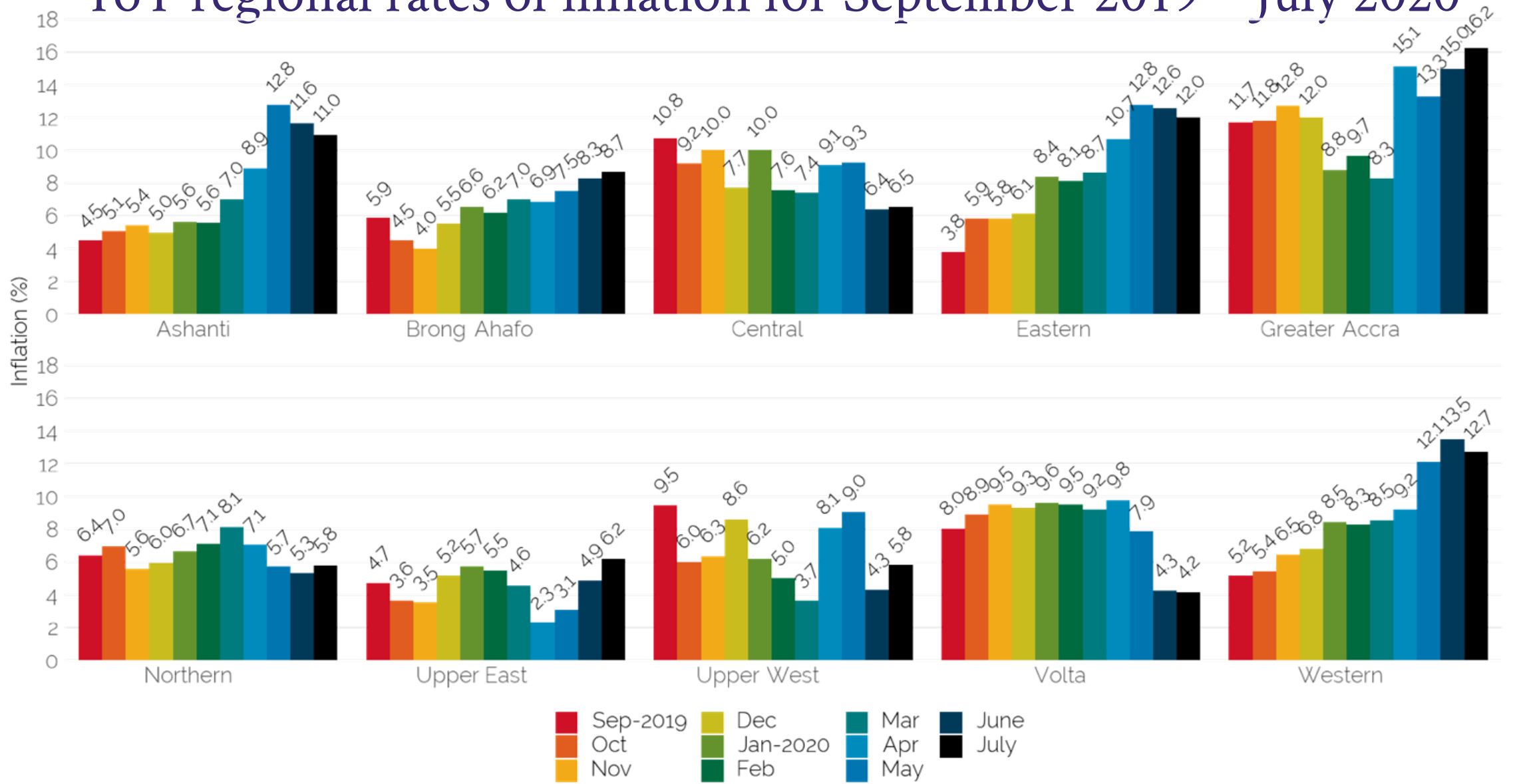
Non-Food inflation



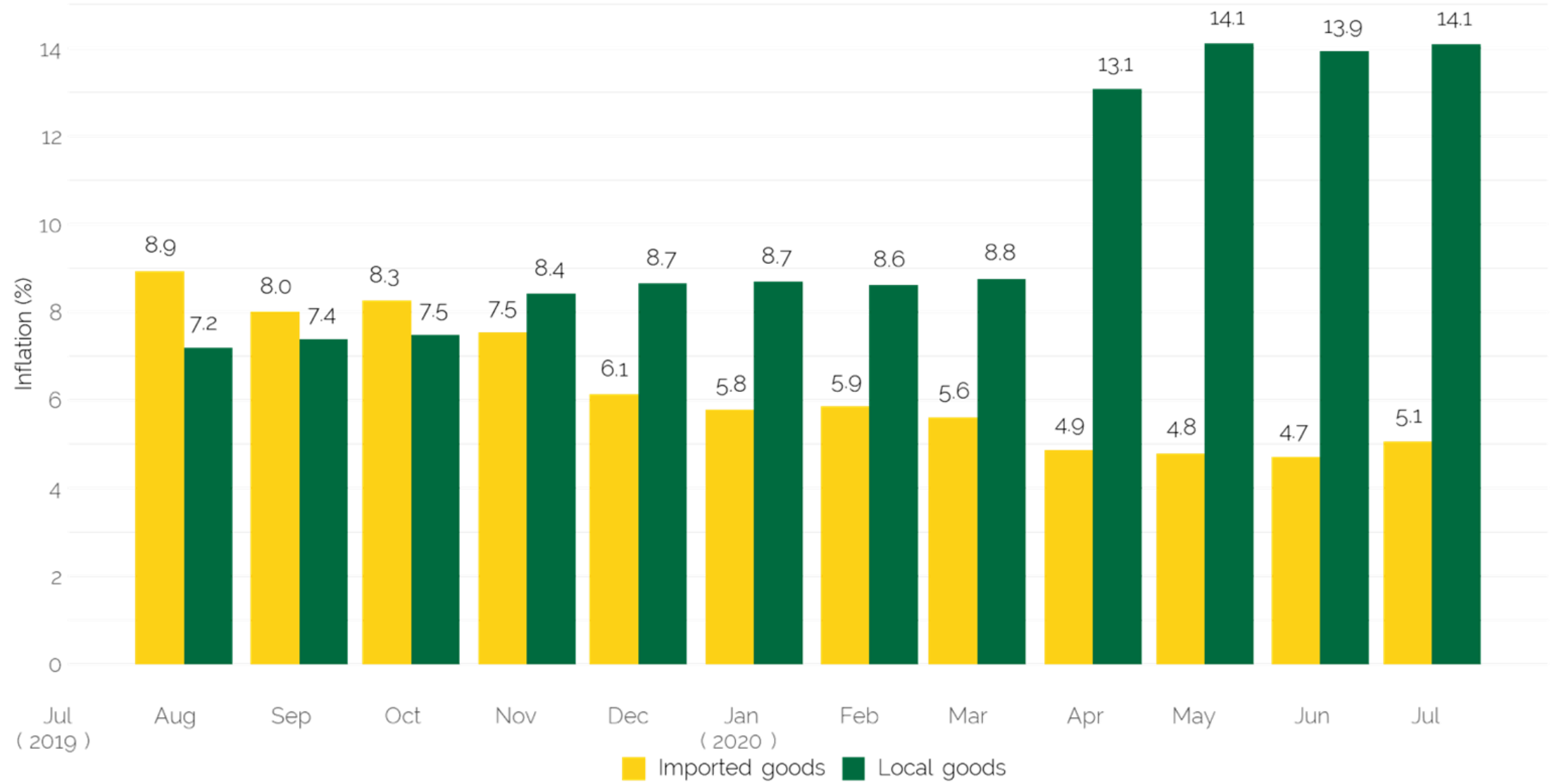
Inflation (%)



# YoY regional rates of inflation for September 2019 – July 2020



# Imported and local inflation August 2019 – July 2020





# Disaggregation of inflation in Greater Accra for July 2020

## Year-on-year inflation (%), Greater Accra Region

Greater Accra Region	Weight	(%)
Housing, Water, Electricity, Gas	3.8	40.0
Transport	4.0	14.7
Food and Non-Alcoholic Beverages	11.9	13.8
Recreation, Sport and Culture	0.7	11.1
Clothing and Footwear	1.9	9.8
Education Services	2.8	8.2
Information and Communication	1.3	7.0
Health	0.2	6.9
Alcoholic Beverages, Tobacco and Narcotics	0.5	6.4
Personal care and Miscellaneous Goods	0.7	5.7
Household Equipment and Maintenance	0.8	4.7
<b>Greater Accra - Combined</b>		<b>16.2</b>

## Year-on-year Food inflation (%) Greater Accra Region

Greater Accra Region - Food	Weight	(%)
Vegetables	2.5	24.2
Fish and Other Seafood	1.7	16.0
Tea	0.0	14.6
Oils and Fats	0.3	10.4
Live Animals and Meat	0.9	7.8
Ready-made Food	2.9	6.8
Cereal Products	2.1	6.8
Sugar and Sesserts	0.2	6.5
Milk, Dairy Products and Eggs	0.4	4.9
Soft Drinks	0.2	4.2
Fruit and Vegetable Juices	0.1	1.3
Coffee and Coffee Substitutes	0.0	-0.4
Water	0.1	-1.7
Fruits and Nuts	0.4	-1.9
<b>Greater Accra - Food</b>		<b>13.8</b>

## Highlights

1. Year-on-year (July 2019 - July 2020) inflation was 11.4%
2. Month-on-month (June 2020 - July 2020) inflation was 0.5%
3. Variation between food (13.7%) and non-food Food inflation (9.7%) was 4.0%
4. Difference between locally produced items (14.1%) and imported items (5.1%) was 9.0%
5. Vegetables records noticeable month-on-month variation and drives year-on-year food inflation
6. After large price increased in March to June, the month-on-month inflation rate of 0.5% seem to indicate that prices are increasing at pre-COVID-19 levels again. With the exception of fuels, most product categories saw month-on-month inflation rates comparable to the period October 2019 to March 2020

# End of Press Release for July 2020 Consumer Price Index

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# Consumer Price Index and Inflation

July 2020