# Drivers of October 2018 Inflation rate (9.5%)

The year–on–year inflation rate for October 2018 was **9.5%** compared with that of September 2018 which was 9.8% a fall of 0.3 percentage point.

REASONS FOR THE FALL IN THE RATE OF INFLATION

The **Non food group inflation** rate fell by 0.5 percentage point from 10.3% in September 2018 to 9.8% in October 2018 and the **Food group inflation** rate also rose from 8.7% in September 2018 to 8.9%. The non food inflation was responsible for the fall in the overall rate of inflation in October 2018.

The price drivers for October 2018 was mainly due to a fall in the rates of inflation for the Recreation and Culture group (1.2%), Clothing and Footwear group (0.9%), Communication group (0.7%), Miscellaneous Goods and Services group (0.7%), Transport group (0.5%), Furnishings, Household Equipment and Routine Maintenance group (0.5%), Housing, Water, Electricity, Gas and Others Fuels group (0.2%), Health group (0.1%) and see Figure 1.

**Figure 1: Changes in main COICOP groups' inflation rates**
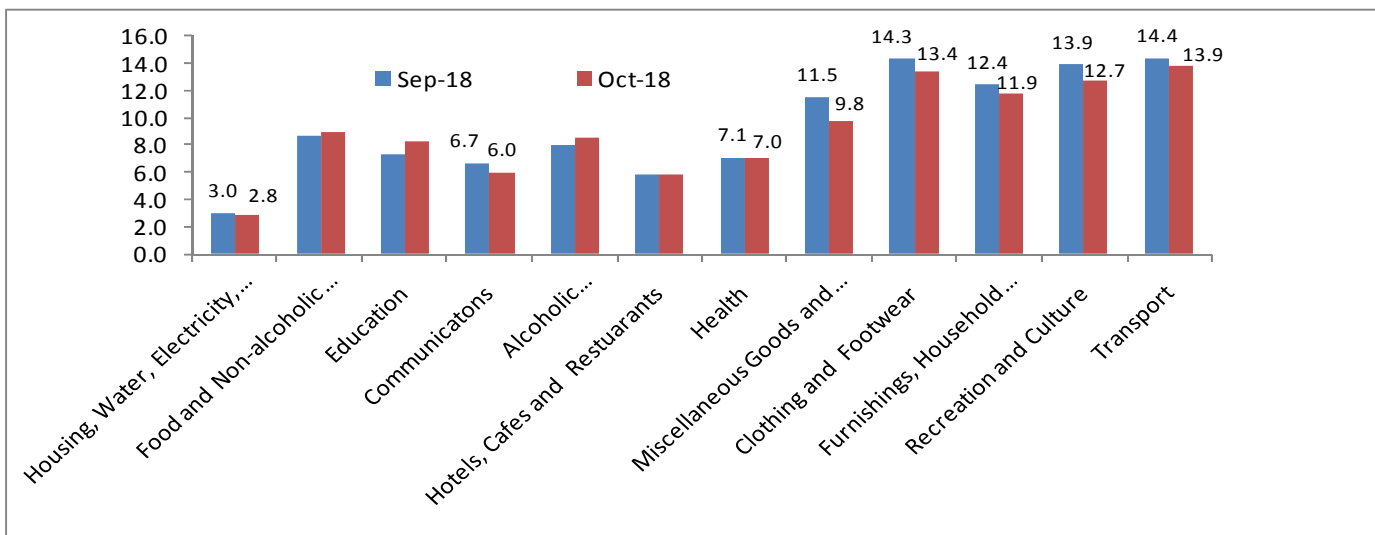


The **food group** on the other hand had the following sub-groups recording higher percentage points rise in inflation rates for October 2018 compared to September 2018.

   a. Oils and fats rose by **0.5** percentage point from 6.8% in September 2018 to 7.3% in October 2018.

b. Milk, cheese and eggs rose by **0.4** percentage point from 6.8% in September 2018 to 7.2% in  October 2018.

c. Fish and seafood rose by **0.3** percentage point from 8.2% in September 2018 to 8.5%  in October 2018.

d. Mineral water, soft drinks, fruits and vegetable juices rose by **0.2** percentage point from 10.2% in September 2018 to 10.4% in October 2018.

e. Fruits  rose by **0.1** percentage point from 11.3% in September 2018 to  11.4% in October 2018.

f. Sugar, jam, honey, chocolate and confectionery rose by **0.1** percentage point from 7.8% in September 2018 to 7.9% in October 2018. see Figure 2.

Figure 2: Changes in main food groups inflation rates
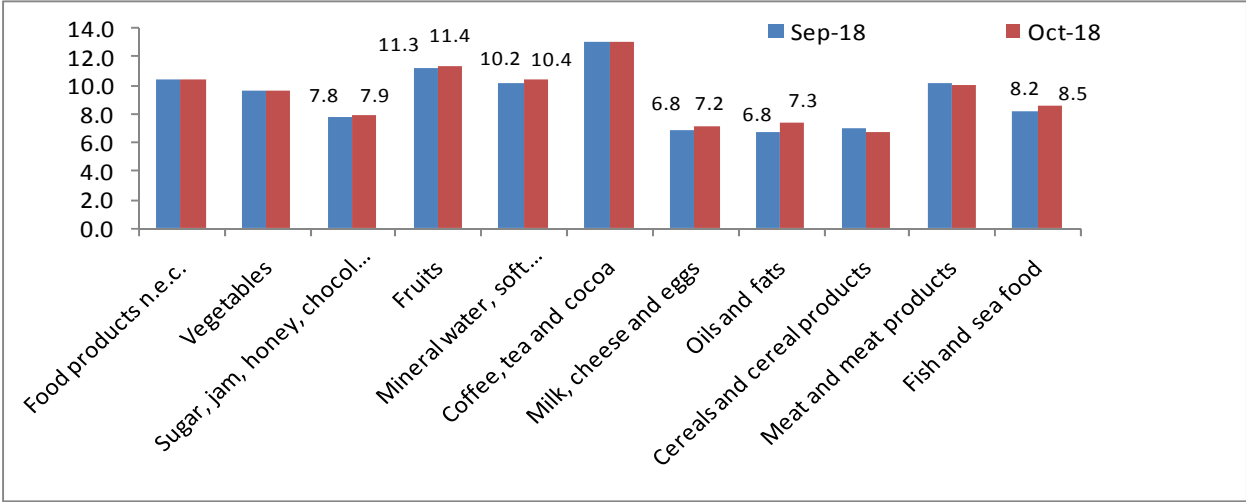


In any month, the combinations of factors such as government policy, season, exchange rate, interest rate, etc. may influence the rate of inflation. The prices of some items will rise while the prices of some other items will fall. The overall rate of inflation will rise if the rise in the prices of 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 October 2017 to October 2018.

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

| ITEM | DESCRIPTION | Weight | Price change over 12 months |
|---:|---|---:|---:|
| 218 | Digital photo camera | 0.1 | 31.4 |
| 220 | PC laptop | 0.1 | 27.6 |
| 191 | Motor Bike eg. Yamaha AG 100 | 0.3 | 27.5 |
| 151 | Mattress (foam) | 0.3 | 26.7 |
| 156 | Air conditioner | 0.0 | 26.6 |
| 95 | Imported cloth (Dutch/British) | 0.4 | 26.6 |
| 244 | Hotel Accommodation | 0.0 | 24.9 |
| 264 | Legal service,( will fees) | 0.5 | 24.4 |
| 266 | Newspaper advertisement, (funeral, 1/8 page | 0.5 | 24.2 |
| 189 | Toyota Corolla | 0.7 | 23.9 |
| 215 | TV-set (21") | 0.3 | 23.8 |
| 217 | DVD-Player | 0.2 | 23.7 |
| 207 | Domestic air fare - 300 km, Accra-Kumasi | 0.3 | 23.4 |
| 99 | Simple Suit | 0.1 | 23.4 |
| 184 | Doctor consulting fees (herbal/native Doctor) | 0.1 | 23.3 |
| 155 | Refrigerator | 0.3 | 22.8 |
| 150 | Double Bed (simple or ordinary) | 0.2 | 22.7 |
| 203 | Driving lesson fees | 0.0 | 22.1 |
| 98 | Kente (Men) | 0.1 | 22.1 |
| 108 | Kente (Women) | 0.1 | 22.0 |
| 186 | Tooth removal (private) | 0.1 | 21.6 |
| 126 | Dress shoe (men) | 0.2 | 21.5 |
| 219 | PC desktop | 0.1 | 20.6 |
| 192 | Bicycle | 0.1 | 20.5 |
| 157 | Microwave oven | 0.0 | 20.2 |
| 112 | Boubou | 0.1 | 19.8 |
| 196 | Batteries (Car) | 0.1 | 19.8 |
| 190 | Hyundai Accent | 0.7 | 19.5 |
| 183 | Doctor consulting fees (private) | 0.1 | 19.4 |
| 94 | Cotton Local Super (cloth) | 1.9 | 19.1 |

## Regional Performance

1. Upper West region recorded the highest regional combined inflation rate (11.6%). Transport (22.0%), Miscellaneous Goods and Services (13.3%), Clothing and Footwear (13.0%) and Furnishings, Household Equipment and Routine Maintenance (11.8%) were responsible for the high inflation in the Upper West region.

2. Upper West region recorded the highest regional non-food inflation rate (13.4%) due to the rise in inflation for the Transport subgroup.

3. Ashanti region recorded the highest food inflation rate (9.7%) due to Coffee, tea and cocoa (13.5%), Vegetables (12.6%), Oils and fats (12.1%), 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 (9.9%).

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