



SIC BROKERAGE LTD.

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(Member of the Ghana Stock Exchange)

Inflation Report, Jan 2020

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Exchange Rate Stability and Food Inflation were Key Drivers of Inflation in Jan 2020

- **Y-o-Y CPI declined to 7.8% in Jan-20 from 7.9% in Dec-19**
- **Inflation for food and non-alcoholic beverages was 7.8% and 7.9% for non-food inflation**
- **Inflation for imported goods was 5.8%, while inflation for local goods was 8.7%**

Highlights

The year-on-year inflation rate slowed from 7.9% in Dec-19 to 7.8% in Jan-20 due to a stable exchange rate and prices in the food and non-alcoholic beverages division. However, the month-on-month CPI jumped 1.4% in Jan-20 from 0.3% in Dec-19, the highest since the rebasing in Aug-19. The figures further revealed that local inflation has been growing faster than imported inflation for the past three months while food and non-alcoholic beverages made up a larger part of inflation, accounting for 43.1% in Jan-20 from 39.6% in Dec-19.

Food and Non-alcoholic beverages recorded a year-on-year inflation rate of 7.8% from 7.2% in Dec-19 while Non-food year-on-year inflation for Jan-20 was 7.9%. Food and non-alcoholic beverages was driven by an increase in price levels of Vegetables and Fish, two subclasses that decreased between November and December 2019. Non-food Subclasses with the highest year-on-year inflation include: Other transport services (34.5%), Postal and courier services (24.7%), and Garden products (23.4%). Electric appliances for personal care (-8.1%), Education (not defined by level) (-8.1%), Cars (-4.4%), Sports equipment (-1.5%), and Electricity (-0.9 %) had negative year-on-year inflation rates.

At the regional level, the Central Region recorded the highest inflation rate of 10% while the Ashanti Region recorded the lowest inflation rate of 5.6%.

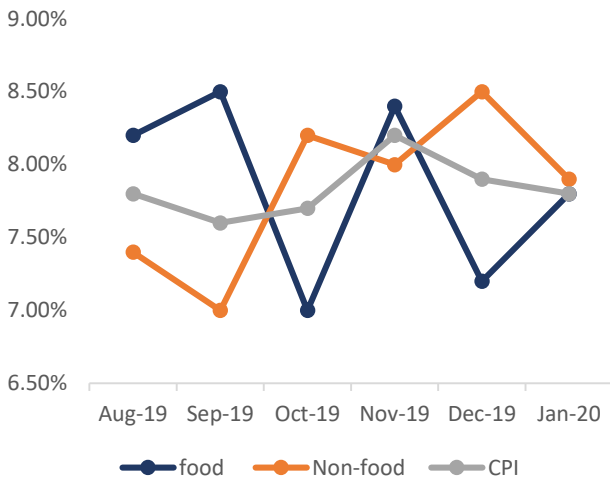
Outlook

The drop in inflation in Jan-20 to 7.8% is the second consecutive month a drop has occurred since rebasing. CPI moved slightly further below the midpoint of BoG's 6.0%–10.0% target band.

Our outlook for inflation in the short term is positive based on a stable exchange rate post the \$3 billion Eurobond and low fiscal concerns. We also expect yields to drop in securities maturing in the short to medium term as foreign investors build positions amid the stable exchange rate outlook.

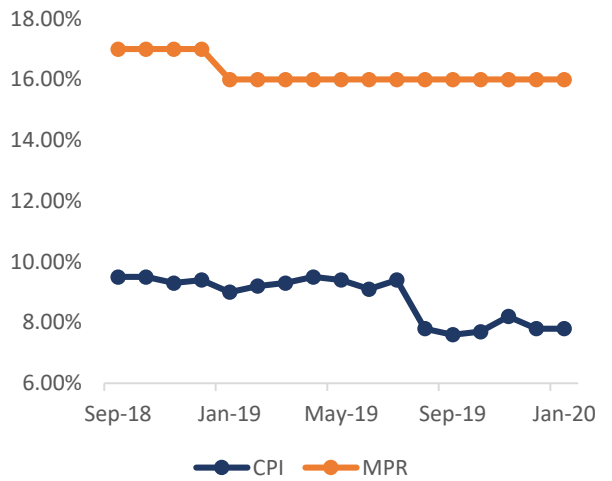
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Consumer Prices



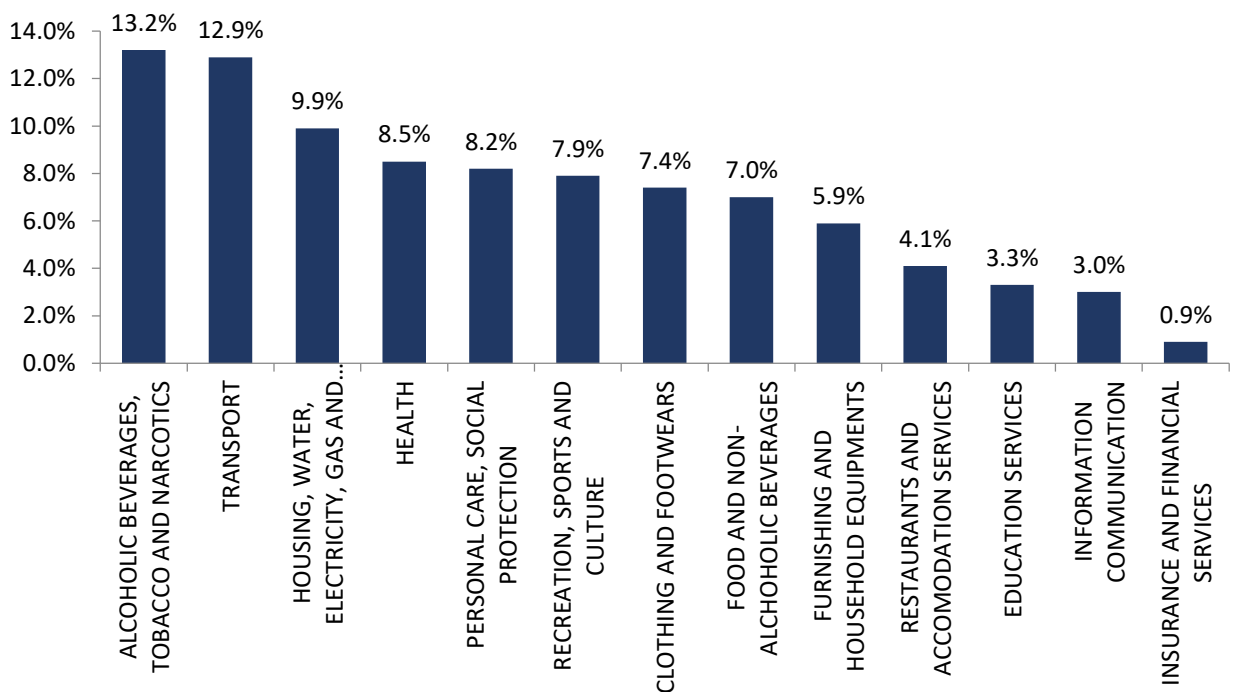
Source: Ghana Statistical Service

CPI vs. MPR



Source: Ghana Statistical Service, Bank of Ghana

Inflation Breakdown



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