



SIC BROKERAGE LTD

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(Member of the Ghana Stock Exchange)

Inflation Report, Oct 2019

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Food and Transport were Key Drivers of Inflation in October 2019

- **Y-o-Y CPI declined from 7.6% in Sept-19 to 7.7% in Oct -19**
- **Inflation for food and non-alcoholic beverages was 7.0% and 8.2% for non-food inflation**
- **Inflation for imported goods was 8.9%, while inflation for local goods was 5.9%**
- **Y-o-Y provisional PPI for Oct-19 was 8.9%, down from 9.1% in Sept-19.**

Highlights

Due to higher fares and fuel cost, the year-on-year inflation rate increased from 7.6% in Sept-19 to 7.7% in Oct-19. The month-on-month change between Sept-19 and Oct-19 was 0.4%. Transport made up 17.1% of total inflation, from 11.8% in Sept-19 while food and non-alcoholic beverages made up 39.5% from 48.1% in Sept-19.

Non-food inflation increased to 8.2% from 7.0% in Sept-19 while food inflation was 7.0%, compared to 8.5% in Oct-19. Between Sept-19 and Oct-19, the price level of Food and Non-alcoholic beverages declined by -1.2%, driven by a decline in the price levels of vegetables, fruits and nuts, and fish and other sea food.

At the regional level, the Greater Accra Region recorded the highest inflation rate of 11.8% while the Upper East Region recorded the lowest inflation rate of 3.6%.

Inflation is still within BoG's target band of 8%±2, however, risks remain. The cedi depreciated by -0.40%, -5.22% and -2.51% against the dollar, pound and euro, respectively, due to higher imports ahead of the festive season. Inflation of imported goods was 8.9%, while inflation of local goods was 5.9% on average.

Provisional data from the Ghana Statistical Service reported that year-on-year PPI moderated by 0.2%, from 9.1% in Sept-19 to 8.9% in Oct-19. The main driver for October's inflation was the Mining and Quarrying sub-Sector which declined by 1% to 34.4%.

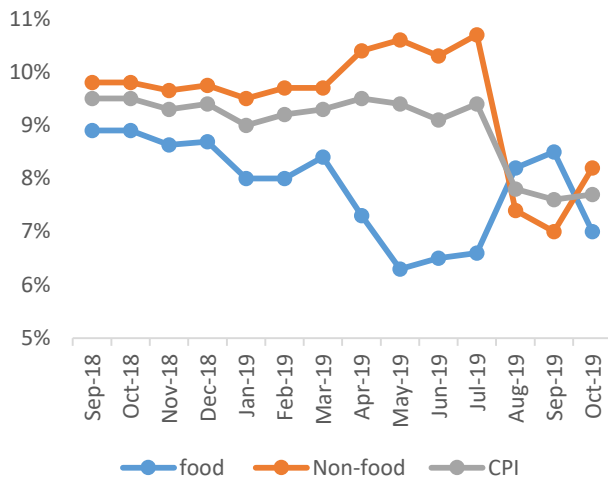
Outlook

Our outlook for inflation is negative. We expect inflation for imported goods to edge higher in Nov-19 as the cedi continues to depreciate against majors.

We also expect investors to continue increasing positions in short term debt securities due to inflation concerns.

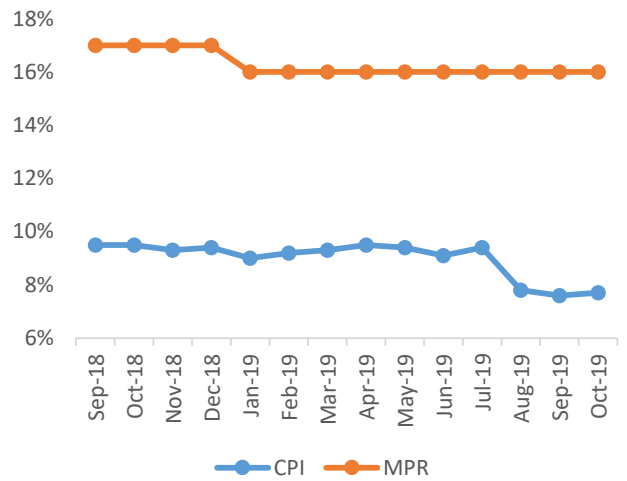
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Consumer Prices



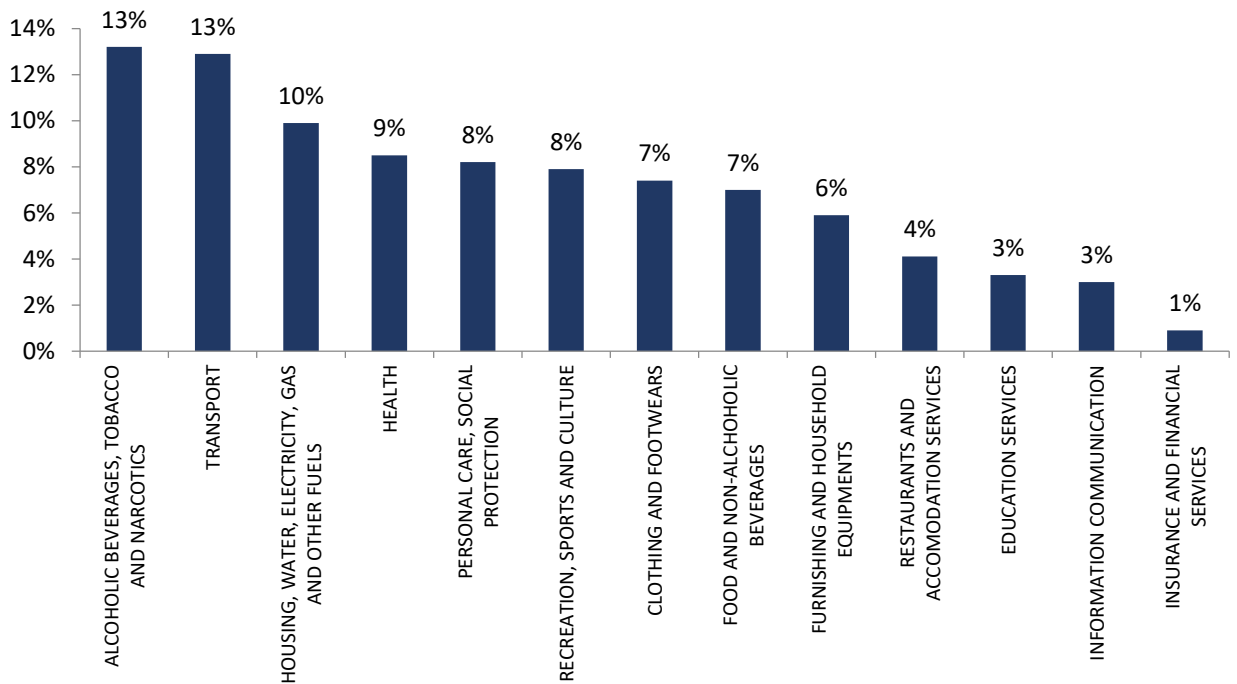
Source: Ghana Statistical Service

CPI vs. MPR



Source: Ghana Statistical Service, Bank of Ghana

Inflation Breakdown



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