

## **INFLATION FALLS BELOW 10%**

**INFLATION FELL below 10 percent for the first time since March and April 2006 when it recorded 9.9 and 9.8 percent respectively.**

However, the general price levels in June were lower than that of May 2010, Dr. Grace Bediako, Government Statistician, has noted.

According to her though the inflation rate for June 2010 stood at 9.52 percent, it cannot be said to be a single digit because in statistical terms it could be rounded to 10 percent.

However, other believe that it is single digit inflation once the figure was below 10 percent.

It is expected that the decline in inflation for the 12th consecutive month would trigger a decline in the Prime Rate-Policy Rate of the Bank of Ghana (BoG) on Friday when the Monetary Policy Committee (MPC) announces developments in the economy in the last quarter of the year and makes projections for the next quarter.

The expected drop in the Prime Rate should culminate in declines in both base and lending rates of the banks.

According to the latest Annual Percentage Rates (APR) and Average Interest Rates (AIR), banks are still offering lending rates to businesses at an average of 33 percent.

Some economists have questioned the rationale behind the low spending on the part of government which has kept inflation low, arguing that it would stifle growth and lead to high unemployment.

Ghana does not have accurate data on unemployment but the rate might run into some few millions.

On whether the low rate was sustainable in the short term, Dr. Bediako pointed out that she could not determine the future rate since her outfit only measure inflation.

However, she added that increases in utility tariffs would have a small impact on the inflation rate while the expected wage increase would gradually push prices up.

According to figures released by the Ghana Statistical Service (GSS), food inflation inched up to 6.13 percent from 4.69 percent in May 2010, while the non-food inflation eased from 14.98 percent to 1.89 percent.

Alcoholic beverages, tobacco and narcotic; hotels and restaurants, recreation and culture in the non-food subgroup, and sugar, jam, honey, syrups, chocolate and confectionary; mineral water, soft drinks and juices recorded the highest inflations similar to that of March, April and May 2010.

Six out of the 11 sub-groups under the food component recorded inflation rates above the national average while vegetables including potatoes and other tubers, fish, bread, cereals and oil and fats recorded inflation below the national average.

Again, six out of the 11 sub-groups under the non-food component with an inflation rate of 55.09 percent, recorded an inflation rate that was higher than the national average.

Health and communications recorded negative inflation rates.

Once again, Eastern Region recorded a single digit inflation of 0.98 percent compared with 3.58 percent in May 2010 followed by Greater Accra Region with 6.6 percent inflation (12.68 for food and 3.20 for non food).

Ashanti and Northern regions followed suit, recording single digit inflations of 7.98 and 9.08 percent respectively.

Western (11.52), Volta 15.78(, Upper East and West (15.68) and Central (16.16) recorded inflation above the national average.

Brong Ahafo region recorded the highest inflation rate of 17.22 percent in June 2010.

While Eastern region recorded the least food inflation of -7.38 percent. Volta region recorded the highest food inflation of 26.95 percent.

Greater Accra region on the other hand recorded the least inflation for the non-food category.

**SOURCE:** DAILY GUIDE, THURSDAY, JULY 15, 2010, PAGE 8