

PRICE INDEX HITS LOWEST MARK IN 20 YRS.

The rate at which prices of goods and services go up in the country has slowed down from 9.44 per cent in August this year to 9.38 per cent for September, the lowest in about two decades.

The consumer price index (CPI), a collection of goods and services assigned weights, which is used in measuring inflation showed a decline of 1.51 per cent between August and September and in reference to the same period last year, inflation eased by 0.06 percentage points in September 2010.

This, in real terms means a protection for the value of money in people's pockets. The same or more items could be afforded now than a year earlier. But the only threat that stands in the way of continued free fall is demand on the labour from which if it should be met, should be financed through the raising of additional funds.

The government statistician Mrs. Grace Bediako, who presented outcome of the CPI computations to a section of the media in Accra yesterday, said the cumulative decline since January 5.40 percentage points from 14.78 per cent in January 2010 to 9.38 per cent in September this year.

The feat marks 15 consecutive months of free fall inflation rate from the June 2009 figure of 20.74 per cent, to the September 2010 figure of 9.35 per cent. This month's is the lowest in eight years and since the CPI was rebased in 2006 to shift the base year from 1997 to 2002.

Both the food and non – food components of the CPI contributed to the downward inflationary trend but the food group contributed the most to the downward pressure of inflation.

“The downward pressure of inflation can be attributed to both the food and non alcoholic beverages group and non- alcoholic beverages has been recording single inflation rate since January 2010, falling from 9.08 per cent to 4.69 per cent in May 2010, before rising to 6.12 per cent in June 2010,” Dr Bediako stated.

The non-food inflation rate has been recording double digit rates, although it has been declining from 18.79 per cent in January 2009 to 11.84 per cent in September 2010.

She explained that items within the food group, which accounts for 45 per cent of items in index, with highest inflation included soft drinks, with 28.21 per cent tomatoes, with 13.74 per cent chicken eggs recorded 13.13 per cent; yam nine per cent; smoked herrings 6.73 per cent; and sugar bread 2.53 per cent.

And the highest inflation items within the non-food group included utilities/water, 51.52 per cent, vitamin B complex 19.32 per cent, with guardian soap recording an 11.59 per cent

SOURCE: DAILY GRAPHIC THURSDAY 14TH, October 2010.