

Inflation drops again

Ghana's inflation rate continues to witness a downward trend as it dropped from 16.92 percent in November to 15.9 percent in December last year.

The 2009 end period inflation rate was 2.16 percent points lower than that of 2008.

Dr Grace Bediako, Government Statistician, who announced this at a news conference in Accra on Friday, said the non-food component of the consumer price index basket, had greater influence on inflation than the food component throughout the year.

“What we've observed also from the previous years is when we enter a new year with a particular trend; we tend to follow it for sometime....Barring any other situations that are contrary to what we've been experiencing, we expect the fall to continue.”

The government has been helped in its efforts to tackle inflation by gradual appreciation of the cedi against the dollar, cutting import prices.

Analysts now expect further cuts to the Ghanaian prime interest rate through 2010 after the central bank in November announced the first lowering in nearly three years, with a 50-base-point cut to 18.0 percentage.

Some are of the view that the increasing price of crude oil in the international market poses a major risk to the country's quest of achieving single digit inflation.

Oil traded at around \$79 per barrel in London on Friday, with the speed of global recovery a key determinant of future world demand and prices.

The country, worlds number two cocoa producers and one of only a few sub-Saharan African countries with a Eurobond, expects by the end of this year to be benefiting from oil revenues.

The Jubilee field is estimated to hold as much as 1.8 billion barrels of oil. First production from the field is scheduled for the fourth quarter of 2010 and output could ramp up to 150,000 barrels per day within months of that.

The relatively high level of interest rates has for months discouraged activity on the Ghanaian bourse, with investors instead preferring the attractive yields on government bonds.

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