

Inflation Drops To 16.92 Percent

Inflation in the country has drop from 18.04 to 16.92 percent as a result of a marginal reduction in the prices of food and non-food items last month.

The drop in inflation, which measures the average change of price levels for the month, represents a decrease of 1.45 percent points on the monthly indices.

Speaking at the monthly press briefing, on the Consumer Price Index (CPI), the Government Statistician, Dr Grace Bediako, attributed the decline to price decreases in both the food and non-food components of the CPI.

She expressed optimism that inflation would ease further down to meet the end-of-year projection of the Bank of Ghana (BoG).

The BoG has projected an end –of-year inflation target of between 14.5 and 17.5 percent and the current 16.92 percent is, therefore, within the range of the forecast.

“In November 2009, inflation rate for the non-food group was 20.05 percent as against 12.38 percent for the food group,” she said

According to Dr Bediako, corresponding figures for October 2009 were 21.15 percent for nonfood and 13.53 percent for the food component of the CPI.

However the Government Statistician indicated tat the monthly rate of inflation recorded in November was 0.75 percent, which was negative 0.95 percent.

She said inflation had been relatively high in 2009, averaging 19.60 percent, compared to 2008, when it averaged 16.46 percent.

She however, was optimistic that inflation would ease further down.

In an interview with *Daily Graphic* earlier, the Minister of Finance and Economic Planning, Mr Kwabena Duffour, said, “The macroeconomic and fiscal stabilization measures implemented by the government have established sound economic fundamentals in the country.”

That he said, had led to significant reduction in the fiscal and external deficits and sharply built up the country’s gross foreign reserves.

“Together, these have also had a significant positive impact on the cedi;” He stated.

The minister said the depreciation of the cedi observed in the first half of the year had been reserved in the second half of the year.

The rate of depreciation of the cedi to the dollar at the interbank market declined sharply from 5.4 percent in January this year to 0.9 percent in July against the dollar-1.7 percent in August; 0.7 percent in September and 0.6 percent in November.

“The appreciation of the cedi has contributed significantly in lowering inflation, causing the CPI drop in four conservative months,” Dr Duffour stated.

The minister said the expectation was that inflation would further decline by the end of the year, as the appreciation of the cedi was expected to keep imported inflation low.

“For the first time in many years, therefore Ghanaians will experience stable prices and an appreciating cedi in a Christmas period, a clear demonstration of building a better Ghana for all,” Dr Duffour added.

Meanwhile, the Ministry of Finance, in a statement, has attributed the drop in inflation to macroeconomic and fiscal stabilization measures of the government, supported by a good food harvest.

“The macroeconomic and fiscal stabilization measures implemented by the government have established sound economic fundamentals in the country.

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