



Newsletter

Consumer Price Index (CPI) – May 2009



Tel: +233-21-682677, +233-21- 664382

Fax No. +233-21-664304

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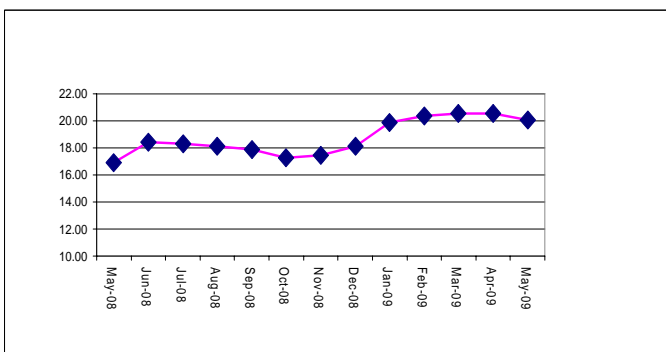
MAY INFLATION

The annual rate of inflation for May 2009 was 20.06 percent. This represents a fall of 0.5 percentage points from the inflation rate (20.56 percent) for April 2009 (Annex 1).

The Consumer Price Index (CPI)

The CPI measures the average percentage change of the general price levels in the country, as experienced by consumers, with reference to the price levels in 2002, which is set to 100 (i.e. 2002 = 100). The rate of inflation for May 2009 (20.06 percent) is the percentage change in the CPI over the twelve-month period from May 2008 (255.28) to May 2009 (306.48).

Figure 1: Rate of inflation, May 2008 to May 2009



Inflationary Trend

The rate of inflation fell in May 2009 for the first time in 2009. The upward trend in inflation in the first four months of 2009 was a continuation of the rise in the rate of inflation that started in October 2008.

The trend observed in the first four months of 2009 is similar to that of the same period in 2008. However, the slight decline in

the rate in May 2009 is deviation from the sharp rise observed in May 2008.

Major contributors to the Rate of Inflation

The non-food group, which constitutes 55.09 percent of the CPI basket, continues to exert its driving force on inflation. In May 2009 the rate of inflation for the non-food group was 22.22 percent as against 17.17 percent for the food groups. The corresponding figures for April 2009 were 21.46 and 19.32 percent for non-food and food respectively

Three subgroups which recorded very high inflation rates in the non-food group are communications, health, and recreation and culture. Transport subgroup recorded a negative growth (Table 1).

Subgroups that recorded relatively high rates of inflation in the food group are milk, cheese and eggs; mineral waters, soft drinks and juices; vegetables including potatoes and other tuber vegetables; and bread and cereals. Oils and fats, however, recorded a negative growth (Table 1).

The contribution of a group or subgroup to the overall rate of inflation depends on the magnitude of price change for items within and the weight of the group in the CPI basket of goods and services. [The weight reflects the level of consumers' utilization of items](#) in the group.

The rate of inflation was higher in the urban areas than in the rural areas for the four consecutive months from February to May 2009. The urban and rural inflation for May 2009 were 26.10 and 18.27 percent respectively.

Monthly changes in CPI

The month-to-month change (monthly rate of inflation) is the change in the CPI relative to that of the previous [month](#). The monthly rate of inflation recorded in May 2009 was 2.77 percent, a slight decline from that of April 2009, 2.92 percent.

Table 1: Inflation rates of major groups and subgroups

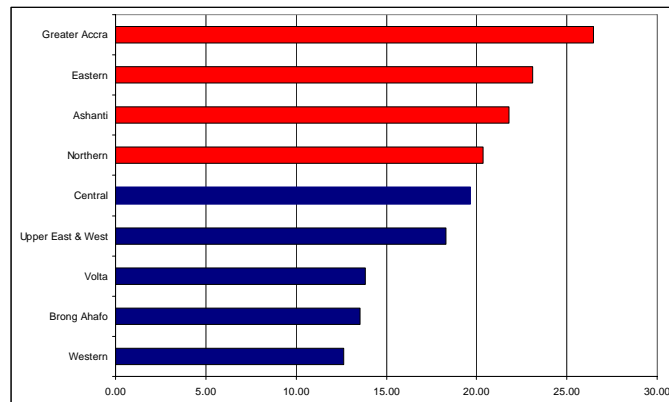
| Item groups | Weight | Rate of inflation |
|--|---------------|-------------------|
| | 100.00 | 20.06 |
| FOOD AND NON-ALCOHOLIC BEVERAGES | 44.91 | 17.17 |
| Milk, cheese and eggs | 1.69 | 37.31 |
| Mineral waters, soft drinks and juices | 0.95 | 28.97 |
| Vegetables including potatoes and other tuber vegetables | 12.46 | 28.14 |
| Bread and cereals | 7.97 | 25.01 |
| Sugar, jam, honey, syrups, chocolate and confectionery | 1.17 | 17.91 |
| Meat | 4.07 | 17.82 |
| Fruit | 2.12 | 15.67 |
| Food products n.e.c. | 1.06 | 11.56 |
| Fish | 10.24 | 6.48 |
| Coffee, tea and cocoa | 0.69 | 5.73 |
| Oils and fats | 2.48 | -0.37 |
| NON-FOOD | 55.09 | 22.22 |
| Communications | 0.31 | 150.00 |
| Health | 4.33 | 64.84 |
| Recreation and culture | 3.04 | 64.64 |
| Alcoholic beverages etc | 2.23 | 30.76 |
| Furnishings, household equip. etc | 7.83 | 30.00 |
| Hotels, cafés and restaurants | 8.28 | 28.80 |
| Clothing and footwear | 11.29 | 22.49 |
| Miscellaneous | 2.99 | 20.35 |
| Education | 1.60 | 13.40 |
| Housing, water, electricity, others | 6.98 | 4.77 |
| Transport | 6.21 | -4.31 |

NEC –not elsewhere classified

Regional differentials

Inflation rates recorded in the regions range from [26.46](#) percent (Greater Accra) to [12.63](#) percent (Western). Four regions recorded inflation rates above the national rate of 20.06 percent (Annex 3).

Figure 2: Regional Variations



Dissemination

The detailed information on the series is contained in the CPI User's guide/manual at GSS. The target publication date of the monthly bulletin is 15th of the month. It is released on the second Friday of each month, and on the third, when the 15th falls on Friday. The next release date is 10th July 2009.