GHANA | MACROECONOMIC UPDATE | INFLATION | INSIGHTS

FUNDAMENTALS

GHANA OCTOBER 2025 INFLATION:

The Sweet Spot of Stability Attained

06 NOVEMBER 2025

Economist & Head, Insights
Courage Kingsley Martey
+233 308 250 051
Courage.martey@ic.africa

IN BRIEF

- **Landing softly on the bullseye.** The trend of disinflation in the Ghanaian economy continued for the tenth consecutive month as annual headline inflation landed softly on the bullseye at 8.0% year-on-year in October 2025. This represents the lowest annual inflation print since June 2021 (7.8%), significantly better than the Treasury's end-2025 target (11.9%) and a perfect landing on the midpoint of the Bank of Ghana's medium-term target (8.0% ±2.0%). Food inflation returned to single digits for the first time since July 2021, declining by 150bps to 9.5% y/y while non-food inflation fell deeper into single digit at 6.9% y/y.

- **The BOG's timely FX market strategy anchored inflation to the sweet spot.** Despite our earlier concern that the 16.5% Cedi depreciation in 3Q2025 could lift price pressures in October, the BOG's enhanced FX intervention framework swiftly reversed the currency's slide, offsetting emerging cost pressures and steering inflation to the midpoint target of 8.0%.

- **A strong favourable base effect and recent Cedi appreciation will likely drag inflation towards the BOG's lower target.** We expect headline inflation to drop sharply to 6.5% in November 2025 (-150bps m/m), reflecting a favourable base effect and the Cedi's sharp appreciation, which has reversed recent fuel price pressures. Petrol and diesel prices have fallen by 14.5% y/y and 17.4% y/y, respectively. This will keep transport cost in deflation and reinforce the downward trend in food inflation.

- **We deepen our forecast policy rate cut to 400bps for the November MPC meeting.** The sharper-than-expected disinflation in October has eased our earlier FX concerns and strengthened our dovish feel. With the real policy rate already at 13.5% and likely to widen to 15.0%, if November inflation falls to our forecast, we believe the Bank of Ghana has ample room to ease while maintaining appropriately restrictive stance. We now expect the MPC to deliver a deeper 400bps rate cut to 17.5% at the November 2025 MPC meeting.

Landing Softly at Eight

The trend of disinflation in the Ghanaian economy continued for the tenth consecutive month as annual headline inflation landed softly on the bullseye at 8.0% year-on-year in October 2025. This represents the lowest annual inflation print since June 2021 (7.8%), significantly better than the Treasury's end-2025 target (11.9%) and a perfect landing on the midpoint of the Bank of Ghana's medium-term target (8.0% ±2.0%). The sequential rate came in even softer with a deflation of 0.4% m/m in October 2025 (vs 0.9% m/m inflation in September 2025).

Although we anticipated the disinflation to continue in October, we projected a softer decline to 9.2% (market expectation: 9.3%) as the 16.5% Cedi depreciation in 3Q2025 started to nudge up ex-pump prices towards their year ago levels. However, the Bank of Ghana's revamped FX intervention framework in October 2025 activated a timely reversal of the 3Q2025 Cedi depreciation, neutralising the emerging risk to annual inflation and ensuring a m/m price deflation.

While the m/m inflation rate remained on a generally downward trend since December 2024, we note renewed fluctuation around the trend, oscillating between deflation and inflation in 2H2025. We believe the m/m deflation in June and October reflects the impact of sharp Cedi appreciation while the August deflation reflects the onset of crop harvest.

Food inflation returned to single digits for the first time since July 2021, declining by 150bps to 9.5% year-on-year on the back of disinflation for fish & other seafoods as well as live animals, and ready-made food. A 140bps upturn in inflation for the heavily-weighted vegetables & tubers (1.3% y/y) and cereals (7.4% y/y | +160bps) was outweighed by a slump in inflation for fish & other seafood (12.4% y/y | -430bps) and ready-made food (12.4% y/y | -170bps). We believe food inflation continues to benefit from lagged impact of better crop harvest in 3Q2025 while the Cedi's YTD appreciation continues to cap transport cost and dampen the effect of poor distribution network on food prices.

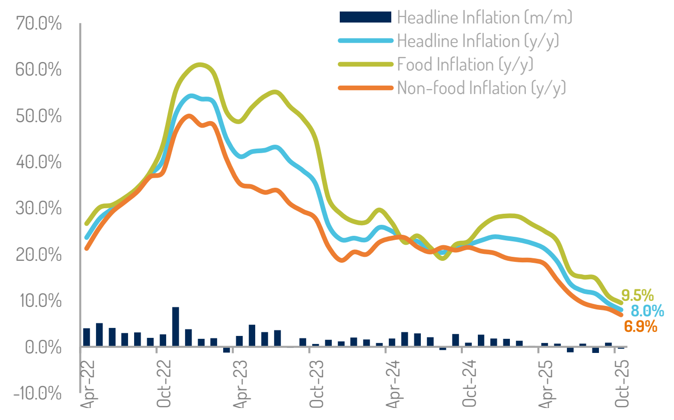
Non-food inflation slid into deeper single digits with a 130bps decline to 6.9% year-on-year, suppressed by a broad-based disinflation within the non-food inflation basket. We observed disinflation for 11 out of the 12 divisions of non-food inflation with heavy-weights utilities (13.9% y/y |-190bps) and transport (-4.0% y/y | -10bps) sustaining the decline.

After the Cedi's depreciation in 3Q2025 steadily cut the annual deflation for transport from -8.5% in June to -3.9% in September 2025, we observed a slight retreat into deeper deflation territory in October. In our view, this reflects the Cedi's 14.0% appreciation in October, which dragged down ex-pump prices of petrol and diesel with a cooling effect on transport cost.

A strong favourable base effect and recent Cedi appreciation will likely drag the headline inflation towards the BOG's lower target. Our updated monthly CPI forecast suggests a significant decline in November 2025 annual headline inflation to 6.5% (-150bps), benefiting from the larger base shift in the Nov-2024 CPI vs. this year's index. Additionally, the sharp appreciation of the Cedi in October 2025 with expected stability until year-end has reversed the upturn in domestic petroleum prices. The current fuel prices in the first pricing window of Nov-2025 translates into a 14.5% y/y (6.4% m/m) and 17.4% y/y (10.1% m/m) decline in petrol and diesel prices. This will keep annual transport cost in deflation territory with a favourable domino effect for food inflation.

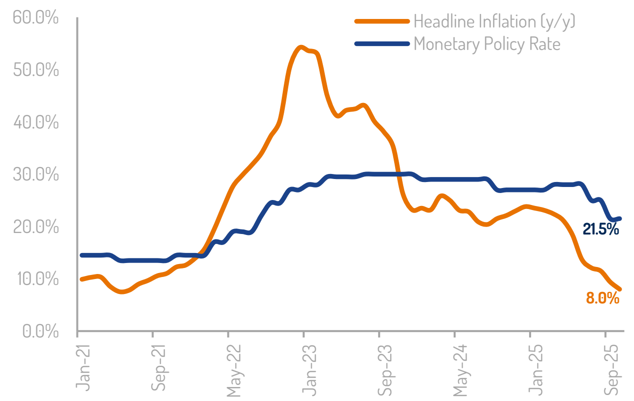
We deepen our forecast policy rate cut to 400bps for the November MPC. In our September 2025 inflation note, we were conservatively dovish with a call of between 250bps – 300bps for the Nov-2025 MPC rate cut due to emerging FX risk to the disinflation process. However, the sharper-than-expected disinflation in October has allayed our concerns with the real policy rate now at 13.5% and could widen to 15.0% if our forecast for November inflation materialises. This provides ample scope for a deeper rate cut and still maintain the observed preference for restrictive double digit real policy rate. Against this backdrop, we project a 400bps cut in the nominal policy rate to 17.5%.

DISAGGREGATED CONSUMER PRICE INFLATION



SOURCE: GHANA STATISTICAL SERVICE, IC INSIGHTS

INFLATION AND POLICY RATE PATH



SOURCE: IC INSIGHTS, BANK OF GHANA

For more information contact your IC representative

Investment Banking I Business Development & Client Relations

Derrick Mensah
Head, Investment Banking
+233 308 250 051
derrick.mensah@ic.africa

Timothy Schandorf
Head, Client Coverage
+233 308 250 051
timothy.schandorf@ic.africa

Dora Youri
Head, Wealth Management
+233 308 250 051
dora.youri@ic.africa

Corporate Access

Benedicta Boateng
Corporate Access
+233 308 250 051
benedicta.boateng@ic.africa

Insights

Courage Kingsley Martey
Economist and Head, Insights
+233 308 250 051
courage.martey@ic.africa

Churchill Ogutu
Economist
churchill.ogutu@ic.africa

Kwabena Obeng
Associate, Equity Research
+233 308 250 051
Kwabena.obeng@ic.africa

Emmanuel Dadzoe
Analyst, Equity Research
+233 30 825 0051
Emmanuel.dadzoe@ic.africa

Investing

Obed Odenteh
Chief Investment Officer
+233 308 250 051
obed.odenteh@ic.africa

Herbert Dankyi
Portfolio Manager
+233 308 250 051
herbert.dankyi@ic.africa

Hannah Mate
Analyst, Risk Assets
+233 308 250 051
Hannah.mate@ic.africa

Bruce Senanu Foreman
Senior Analyst, Rates
+233 308 250 051
bruce.foreman@ic.africa

Adebayo Adedeji
Senior Analyst, Risk Assets
+233 308 250 051
adebayo.adedeji@ic.africa

Operations

Nana Amoa Ofori
Chief Operating Officer
+233 308 250 051
nanaamoa.ofori@ic.africa

Abigail Adu-Darkwa
Head, Business Operations
+233 53 281 9953
abigail.adu-darkwa@ic.africa

Kelly Addai
Fund Accountant
+233 308 250 051
kelly.addai@ic.africa

Trading

Allen Anang
Sales/Trader, Global Markets
+233 308 250 051
allen.anang@ic.africa

Johnson Asiamah
Trader, Equities
+233 308 250 051
johnson.asiamah@ic.africa

Samuel Kwame Ofori
Trader, Fixed Income
+233 308 250 051
Samuel.ofori@ic.africa