

FUNDAMENTALS

GHANA FEBRUARY 2026 INFLATION:

Disinflation nears the finish line

**Economist & Head, Insights**

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IN BRIEF

- **The final phase of Ghana's disinflation cycle unfolds as inflation downturn moderates.** Ghana recorded a 14th consecutive month of disinflation in February 2026, with headline inflation easing by 50bps to 3.3% y/y, a tad below our 3.5% forecast. We believe this marks the exhaustion of the 2022 – 2024 inflation shock cycle and the restoration of price stability. However, a divergence in food (2.4% y/y | -150bps) and non-food inflation (4.0% y/y | +30bps) suggests the disinflation phase is nearing completion as supply risks gradually re-emerge.
- **We foresee a modest uptick in inflation for March 2026 as supply-chain disruptions and other cost pressures re-emerge.** Headline inflation will likely tick higher by 60bps to 3.9% y/y in March 2026, with the m/m rate steady at 0.8%. We expect the delayed utility tariff pass-through and the geopolitics-induced Brent price surge above USD 83.0pb (as of market open on 05 March 2026) to lift domestic petroleum prices and transport cost, albeit with transport remaining in modest deflation. This will heighten non-food and overall price pressures. We also believe the planting season effects and cross-border tomato disruptions may reverse the vegetables price deflation, and introduce near-term upside risk to headline inflation.
- **The MPC should still remain dovish in the March 2026 meeting.** Using the latest inflation print and the 15.5% nominal policy rate, we estimate a higher real policy rate at 12.2%, signalling ample scope for rate cut. However, the geopolitical uncertainty in the Middle East is supporting energy price surge and a stronger US Dollar, warranting policy caution. We thus expect the MPC to retain a double-digit real rate with a measured easing bias, likely delivering between 100bps – 200bps cut with a leaning towards 150bps cut to 14.0%.

Fourteen months down: From crisis to calm

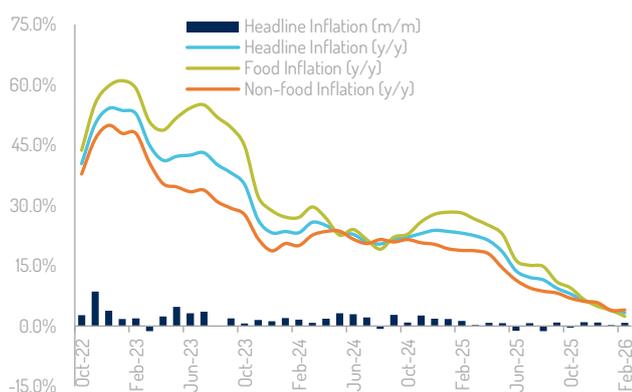
Ghana posted its 14th successive month of disinflation in February 2026 as headline inflation declined by 50bps to 3.3% year-on-year, a tad below our forecast 3.5% for the month. In our view, the persistent disinflation witnessed over the past 14 consecutive months extends beyond a mere slowdown in price momentum. We believe this represents the effective exhaustion of the 2022 – 2024 inflation shock cycle, with price stability now firmly restored and price expectations fully anchored.

From a structural perspective, we view this transition from crisis to price calm as consistent with Ghana's historical inflation cycles. We note that after every major currency-induced inflation spike (2000, 2008, 2014, and 2022), the final leg of disinflation tends to be anchored by normalisation in food and fuel price growth with subsequently stickier descent to the inflation floor. We believe the February 2026 inflation data suggest that Ghana's disinflation trend is near the finish line and the authorities have now entered the decisive phase of sustaining price stability as the 18 March 2026 MPC decision approaches.

Beneath the encouraging headline, we observed an important nuance in the inflation dynamics. For the first time since January 2025, annual food and non-food inflation rates moved in opposite direction, supporting our view that an end to the disinflation trend is imminent, especially as cost and supply-chain risks re-emerge.

Food inflation declined sharper in February (compared to the January descent), easing by 150bps to 2.4% year-on-year with the sequential rate plummeting to 0.2% m/m (vs 1.1% m/m in the prior month). Similar to Jan-2026, we observed disinflation for 13 out of the 15 sub-groups, albeit with faster declines. The heavily-weighted vegetables and tubers posted a y/y price deflation of 3.2%, largely reflecting favourable base effect as the improved crop harvest from late 2025 capped the early 2026 CPI growth. Additionally, we note that the Ghanaian Cedi remains in a year-on-year appreciation territory against the US Dollar and continues to dampen price pressure for imported food items across cereals, eggs, dairy products, and fruit juices.

DISAGGREGATED CONSUMER PRICE INFLATION



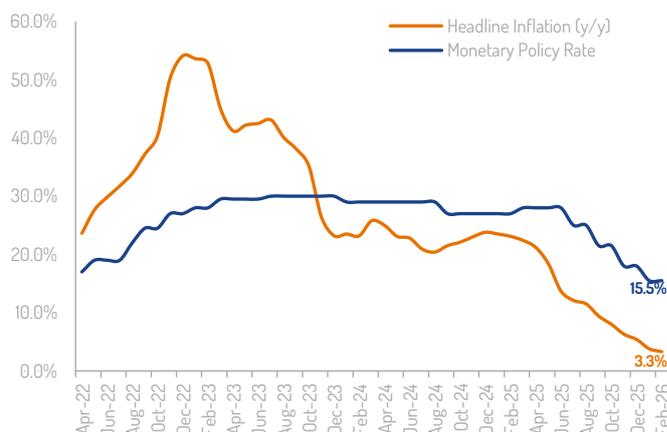
SOURCE: GHANA STATISTICAL SERVICE, IC INSIGHTS

Non-food inflation surprisingly increased by 30bps to 4.0% y/y, reverting above food inflation in February 2026 following the convergence in the prior month. We observed an elevation in price pressures within the non-food components as the number of divisions which posted disinflation reduced from ten to seven while divisions with inflation upsurge increased from two to five. Notably, inflation for the heavy-weight utilities, gas & other fuels surged by 330bps to 12.6% y/y as the 1Q2026 utility tariff hike belatedly ignites price momentum. Nevertheless, transport cost deflation intensified with the ninth consecutive month of annual price decline (-7.5% y/y) as the year-on-year Cedi gains held ex-pump prices below the year ago levels.

We foresee a modest uptick in inflation for March 2026 as supply-chain disruptions and other cost pressures re-emerge. We forecast a 60bps uptick in annual inflation to 3.9% in March 2026 while the sequential rate stays flat at 0.8% m/m. We expect further push from the belated pass-through of the 1Q2026 utility tariff hike while the Middle East war pushes Brent crude oil above USD 83.0pb, higher than the USD 74.7pb peak seen in March 2025. We believe that higher global energy prices through March 2026 will elevate price inflation for gas & other fuels and trim the transport deflation with upside risk for non-food and overall inflation. Additionally, the onset of planting season, compounded by disruptions to cross-border supply of tomatoes, could lift vegetables & tubers from deflation territory and pose upside risk to food and overall inflation.

The MPC should still remain dovish in the March meeting. With the latest disinflation and a nominal policy rate of 15.5%, our estimated real policy rate now stands at 12.2%. While this signals vast scope for deeper cut, we believe the MPC will favour caution amidst the volatile geopolitical risk events, especially as energy prices surge and the US Dollar strengthens. We thus expect the authorities to sustain the preference for double digit real policy rate with a rate-cut bias, pegging our anticipated cut in the policy rate at between 100 – 200bps, with a leaning towards 150bps cut to 14.0%.

INFLATION AND POLICY RATE PATH



SOURCE: IC INSIGHTS, BANK OF GHANA



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