

FUNDAMENTALS

GHANA MARCH 2026

INFLATION:

Shock-Ready

**Economist & Head, Insights**

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IN BRIEF

- **Steady descent amidst muted cost pass-through.** Ghana's inflation eased by 10bps to 3.2% year-on-year in March 2026, marking the 15th consecutive month of disinflation while monthly prices were broadly flat at 0.1%. Although our anticipated cost pressures from energy and supply disruptions emerged, the immediate pass-through was broadly contained, reinforcing the durable price stability and well-anchored inflation expectations.
- **The inflation framework appears shock-ready given the vast scope below the minimum target.** At 3.2%, inflation sits well below the Bank of Ghana's target band, providing substantial policy headroom. The rising energy prices occasioned by the Middle East war will pose upside risks and potential feedback loops. However, we view the vast headroom to inflation targets as sufficient policy buffer and believe that the high real policy rate (10.8%) with supportive fiscal measures will strengthen resilience against future shocks. Our updated near-term forecast suggests inflation should remain in single digits through 2026 and likely end the year around the Bank of Ghana's midpoint target. For April 2026, we forecast a modest uptick to 3.4% year-on-year and 1.0% month-on-month, reflecting the emerging cost build-up.

Disinflation creates buffer for future shocks

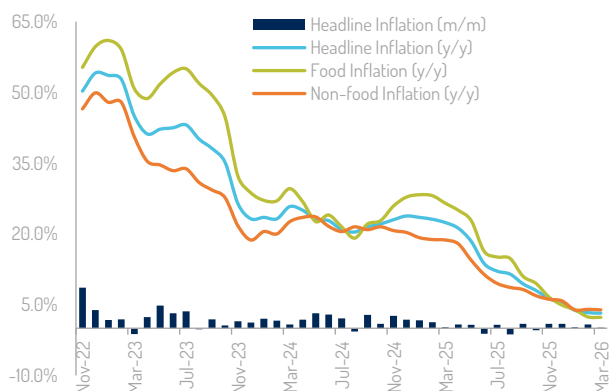
Ghana's consumer price inflation surprised again to the downside in March 2026 as annual headline inflation inched down by 10bps to 3.2% year-on-year, representing the 15th consecutive month of disinflation. The sequential rate delivered a bigger surprise with a 70bps decline to 0.1% month-on-month, signalling a generally static average price levels in the one-month between February and March 2026.

The latest decline in annual inflation came against our expected modest uptick to 3.9% as we observe emerging cost and supply-side push from higher energy prices and cross-border disruptions to vegetable import amid the onset of planting season. Our review of the expected transmission channels for the perceived upside risk to inflation (such as transport, and vegetables CPI) suggests that mild price pressure occurred in March. However, the outturn confirms that we overweighted the immediate pass-through of emerging upside risk while underweighting the lingering price stabilisation measures.

We believe the current inflation print reinforces Ghana's return to price stability and the policy grip on inflation expectations may prove more resilient than generally anticipated amidst the re-emerging cost pressures.

Food inflation eased marginally by 10bps to 2.3% year-on-year, helped by disinflation for 11 sub-groups with nine of the decliners assigned low-to-moderate weights within the price index. As expected, the heavily-weighted index for vegetables and tubers showed renewed price pressure as inflation for this sub-group surged by 190bps, albeit remaining in deflation territory (-1.3% y/y). In our view, the price shock partly reflects the disruption to tomato import from neighbouring Burkina Faso which translated into an immediate price upsurge. Nonetheless, the annual price deflation outturn for the second consecutive month as against our forecast uplift into inflation zone (from the supply chain disruption) shows sufficient scope to absorb future shocks as Ghana's planting season commences.

DISAGGREGATED CONSUMER PRICE INFLATION



SOURCE: GHANA STATISTICAL SERVICE, IC INSIGHTS

Non-food inflation moved in lock-step with food inflation, also declining by 10bps to 3.9% year-on-year as disinflation for seven divisions was partly offset by reflation for three moderate-to-heavily-weighted items. We made two important observations within the non-food inflation divisions. First, our anticipated channel of upside risk to inflation – transport CPI – revealed price pressure, albeit more modest than we envisaged, leaving transport cost in annual deflation territory for the 10th consecutive month. This indicates strong buffer to accommodate future cost shocks.

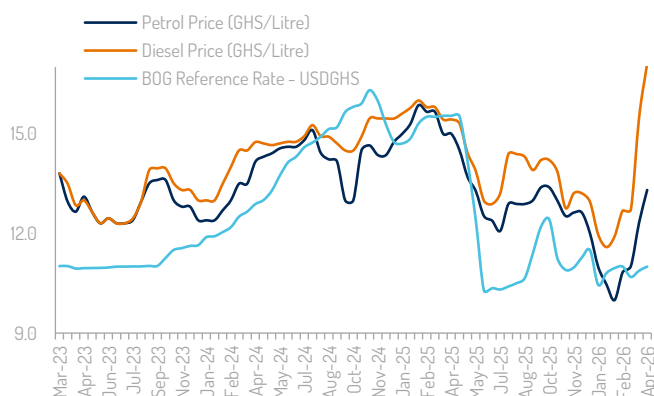
Second, we observed a significant increase in inflation for intangibles as services inflation surged by 350bps to 7.2% year-on-year. However, this is immediately less concerning as services inflation account for 27.5% of overall CPI while goods inflation (with the heavier weight) witnessed a 150bps decline to 1.7% year-on-year. We believe the disinflation and benign level for the stickier goods inflation calms the near-term inflation jitters.

The inflation framework appears shock-ready given the vast scope below the minimum target.

At the current 3.2%, Ghana's annual inflation stands at 280bps below the minimum target, 480bps below the midpoint and 680bps headroom to the Bank of Ghana's target ceiling. While the ongoing Middle East war with a resultant surge in energy prices portends price pressure with a potential feedback loop, the substantial runway to key inflation thresholds with double digit real policy rate indicate a shock-ready system. Further escalation with persistent rise in energy prices will intensify the price pressure but our updated near-term forecast suggests inflation should remain in single digits through 2026, further helped by year-long effect of lower VAT regime.

A modest inflation uptick is likely in April 2026. As of the first pricing window in April 2026, our indicative domestic petrol price is up 10.9% while diesel surged 32.1% year-to-date, mainly due to the war-induced upsurge in global energy prices and slightly due to the 4.9% YTD Cedi depreciation. However, the year-on-year comparison showed softer dynamics with petrol still down by 11.3% while diesel is up 10.9% y/y. Measured against other price risks, we forecast annual inflation at 3.4% in April 2026 while the month-on-month rate jumps to 1.0%.

PETROLEUM PRICES AND EXCHANGE RATE



SOURCE: GOIL PLC, IC INSIGHTS, BANK OF GHANA



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