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Why Does Everything Feel More Expensive?

LET'S TALK ABOUT THE CEDI

“The Bank of Ghana, is changing our currency, from July 2007 our money will change, we will carry less money, for our business transactions, there is no change in value, the value is the sameeee”

“There is no change in value, the value is the sameeee”

One more time for the people at the back.

“There is no change in value, the value is the sameeee”

You either know that beautiful ballad or you don’t. In 2007, the Bank of Ghana released a jingle to educate Ghanaians about the redenomination of the national currency. In other words, making our money appear smaller. Four zeros came off the old currency, so 10,000 cedis became 1 cedi.

It worked. Over time Ghanaians stopped saying “twenty thousand” and started saying things cost twenty cedis.

But that is not where our cedi story ended.

There was a point where it was 1 cedi to 1 dollar.

Now it is 11 cedis to the dollar.

So let’s break the cedi down properly and understand why it has changed so much. And understand this first: the cedi is not the enemy. It is a currency. Knowing how it works prepares you for whichever direction it moves next, whether it strengthens back toward the single digits or slides past 11.

So What Exactly Is the Cedi?

The cedi is Ghana’s official currency.

The name comes from sedie, the Akan word for cowrie shells, which were once used as a form of currency in parts of West Africa. Ghana introduced the cedi in 1965, replacing the Ghanaian pound as the country adopted a decimal currency system.

Today, the Bank of Ghana is responsible for issuing Ghana’s currency and implementing monetary policy.

But the cedi does not operate alone. Every day it interacts with currencies like the US dollar, the pound and the euro. And that relationship affects more of your daily life than you may realize.

Why Does That Matter?

Think about the things you use regularly.

Your phone. The wheat your bread is made from. The fuel in the car. Some of your medicine. The equipment businesses use every day.

Many of these products, or the materials needed to make them, come from outside Ghana. And because international trade is mostly conducted in foreign currency, especially the US dollar, changes in the value of the cedi affect what businesses pay to bring goods into the country.

When a business needs more cedis to buy the same amount of dollars, its costs go up. Eventually those costs reach you.

That is why exchange rates are not just something economists discuss on television. They show up in your trotro fare, your bread, and your data bundle.

So What Does “The Cedi Is Falling” Actually Mean?

It means the cedi is losing value compared to another currency. The technical word is depreciation.

Think about your favourite butter bread. It used to cost GHS 6. Today you might be paying GHS 20 for the same loaf. If last year GHS 1,000 bought a certain amount of dollars to import the wheat that became the flour that became the bread, today that same GHS 1,000 buys fewer dollars, less wheat, and less bread.

Your money has not disappeared. What it can purchase has changed.

Now the more useful question: Not “What does it mean?”, but "How do you see it coming?”

How to Read the Cedi Before the Headlines Do

Nobody predicts the exchange rate perfectly. But the cedi does not move randomly either, and most of the reasons are visible if you know where to look.

Signs that point toward a stronger cedi:

- Foreign reserves building up. When the Bank of Ghana has more months of import cover, it has more room to stabilise the market.
- Inflation falling consistently and the policy rate coming down in an orderly way.
- Remittances flowing in. Remittances are the money Ghanaians abroad send home, and it arrives here as dollars, pounds and euros before it becomes cedis. Every transfer is real foreign currency entering the country. December is usually the strongest season for it, which is why the cedi often gets a little help at year end.

Signs that point toward pressure on the cedi:

- Large government dollar debt payments falling due.
- Global nervousness about emerging markets generally, which has nothing to do with Ghana but affects Ghana anyway.

Then there is the accelerant nobody puts in the textbooks. Fear. When enough people believe the cedi is about to fall, they rush to buy dollars before it gets worse. That rush is itself a demand for dollars, which weakens the cedi, which convinces more people the rumour was right. Panic is self-fulfilling. Hold that thought, because it comes back later in this article wearing a different outfit.

Does a Stronger Cedi Mean Everything Becomes Cheaper?

Not necessarily. This is one of the biggest misunderstandings about currencies.

A stronger cedi reduces pressure on import costs, but prices do not reverse overnight, and here is why. The trader selling to you today bought that stock weeks or months ago at the old rate. Nobody sells at a loss to reward you for reading the news. Rent did not fall. Salaries did not fall. Transport did not fall. Electricity did not fall.

Prices are quick to climb and slow to come down. That is not wickedness, it is how business works everywhere in the world.

So a stronger cedi is genuinely good news. It just means the next increase is smaller, not that the last one gets refunded. Some prices will never go back. Plan on that basis.

Who Actually Controls the Cedi?

Nobody, and that surprises people.

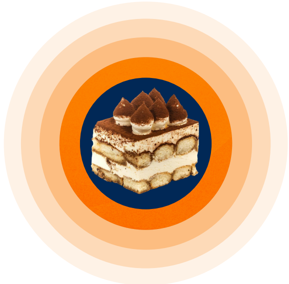
The value of the cedi is set by demand and supply in the foreign exchange market. Exports, imports, inflation, investor confidence and global conditions all pull at it from different directions. The Bank of Ghana has tools it can use to keep things steady when the market starts moving too quickly, but it is not sitting in a room choosing a number for the day.

Think of it like traffic. The police officer did not build the cars and did not choose where anybody is going. When movement breaks down, they step in and create order. Order, not control.

Two Queues, One Lesson

GHS 15
chicken

&



GHS 600
tiramisu

KFC turned fifteen and ran a meal deal at GHS 15. The queues stretched for hours and by evening the whole thing was a national argument. Around the same time, a dessert spot put tiramisu on the menu at GHS 600 and the timeline nearly folded in half.

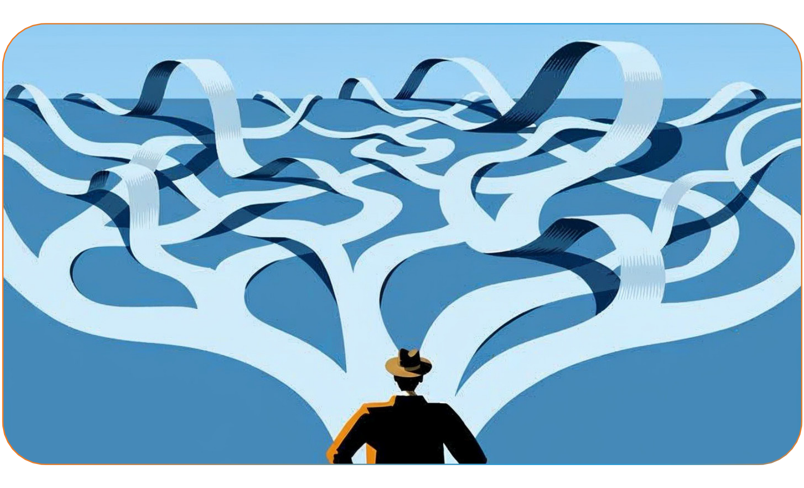
Peculiar events that make people behave strangely is not a Ghanaian invention. Americans trample each other every Black Friday. In 2020 the world emptied the shelves of toilet roll, hand sanitiser and grown adults fought over dry pasta. Scarcity plus a deadline does something to humans. Remember the panic that moves the exchange rate? Same instinct, shorter queue.

What is worth discussing is the maths. Somebody online ran the numbers and it was brutal. Five hours waiting, engine running for the air conditioning, fuel there and back, and the hours you could have spent earning or resting. That GHS 15 chicken cost far more than GHS 15. You paid for it twice and called it a bargain.

The tiramisu is the same lesson from the other direction. GHS 600 for a dessert deserves questions, not outrage. Can I get it cheaper somewhere else? Can I make it at home? Can I afford it without touching money that is already committed? Can I go with five friends and split the bill? If the answers work, buy it and enjoy every spoon. That is what money is for.

One queue was chasing a deal. The other was chasing an experience. Neither is wrong. The people who came out of either event better off were not the ones with more money. They were the ones who had already decided on the value they personally put on it before they got in line.

Understanding Money Is Really Understanding Choice



Everything above, the exchange rate, the chicken, the tiramisu, points to the same place.

When you understand how your money works, you stop being moved by whatever is loudest that week. You start deciding in advance instead of deciding in a queue.

So What Can You Actually Do?

Three things, and none of them require you to earn more first.

- Put your money somewhere it is going to grow. Money sitting still in a regular savings account loses the race against inflation quietly, every single month. The IC Liquidity Fund starts earning from the day your money lands and stays accessible when life shows up unannounced. This is the difference between money that works and money that waits.
- Portion something off for the fun. Yes, for the sale. Yes, for the splurge. Nobody is being judged here. Create a separate goal inside the IC Wealth App, call it whatever you want, and fund it monthly. Then when the promo drops or the dessert trends, you are not raiding rent money or agonising in a queue. You already have an answer, and it grew while you waited for a reason to use it.
- Study how the market works. This article is a start, not the finish. The more you understand about why the cedi moves, the less power any single headline has over you.

The Best Use of Your Money

The best use of your money is not the cheapest option and it is not the most impressive one. It is the one you chose on purpose and plan for.

Open the IC Wealth App this week and put something into the IC Liquidity Fund, even GHS 100. Set it to repeat. Then let the cedi do whatever the cedi is going to do.

Next time, we are taking on the advice everyone gives the moment the exchange rate moves. We will explain why "Just buy dollars” may not be the magic fix people think it is, and what actually protects you instead.