GHANA | MACROECONOMIC UPDATE | INFLATION | INSIGHTS

FUNDAMENTALS

GHANA AUGUST 2026 INFLATION:

A rebound without the heat

03 SEPTEMBER 2026

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

IN BRIEF

- **Headline inflation rebounded in August, but underlying pressures remain contained.** Ghana's headline inflation increased by 40bps to 5.0% year-on-year in August 2026, driven mainly by non-food inflation and unfavourable base effects, while general prices fell 1.0% on a month-on-month basis. Food inflation eased marginally to 3.0% year-on-year, despite steep rise in the heavily weighted vegetable inflation. The higher inflation trims the real policy rate to 9.0% but remains 100bps below the BOG's inflation target floor of 6.0%, preserving policy headroom. We therefore perceive little case for a change in the nominal policy rate at the upcoming MPC meeting. However, real returns have compressed with real rate for the 91-day T-bill now slightly in negative territory, which could prompt front-end repricing at the primary auctions.

- **We foresee stable inflation with slight upside bias for the September 2026 print.** Inflation for fresh tomatoes surged to 158.3% year-on-year in August 2026, but we view the spike as temporary, with increased harvests likely to ease food pressures in the month ahead. However, we also view the renewed energy price pressures as an offset to the expected food disinflation. Consequently, we forecast September 2026 headline inflation at 5.1% ±0.5pp while the month-on-month rate rises to 1.0%.

Base effects mask the calm

Ghana's consumer price inflation expectedly quickened in August 2026, landing a tad above our forecast midpoint for the month. The annual headline inflation rate increased by 40bps to 5.0% year-on-year, aligning with the median estimate but 10bps above our 4.9% forecast. We observed contrasting shift in food and non-food inflation rates with the latter registering an increase which outweighed the lower-than-expected decline in the former and marked non-food inflation as the main upside catalyst in August 2026. The higher inflation rate trims the real policy rate to 9.0% in August 2026 (nominal: 14.0%) but leaves the monetary policy stance sufficiently tight. At the 5.0% level, annual headline inflation remains below the lower bound of the authorities' target band of 6.0% – 10.0%. In our view, this indicates sufficient policy headroom and suggests little need to change the nominal policy rate at the upcoming MPC meeting. **For rates market**, this reduces the real return across fixed income portfolios with front-end securities enduring the most squeeze as the 91-day real rate drops into negative territory, signalling scope for upside on this tenor.

We attribute the inflation upsurge in August to unfavourable base effect, particularly within non-food CPI, as well as higher energy costs and the Cedi's year-on-year depreciation during the CPI data window. Our review showed a decline in the non-food CPI in August 2025 (-0.34 points) whereas the August 2026 non-food CPI increased by 1.21 points with the 2025 contraction providing a low base effect.

Despite the unfavourable base-induced rise in the annual rate, the monthly inflation rate was more reassuring with a deflation of 1.0% m/m (vs our forecast deflation of 1.1% m/m). This supports the case that near-term inflation risks are broadly anchored.

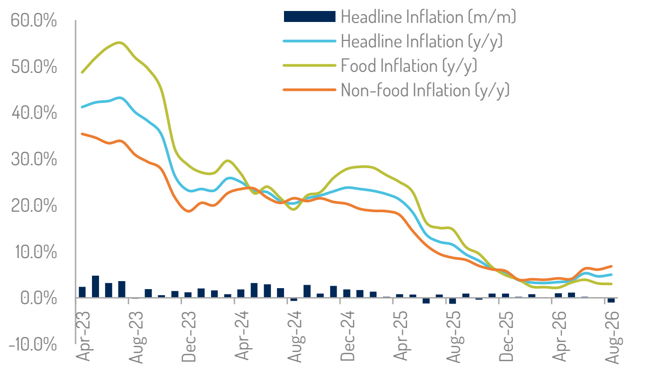
Food inflation delivered a sluggish decline than we anticipated, falling by a modest 10bps to 3.0% year-on-year. Although only three out of the 15 sub-groups witnessed higher inflation, the heavy-weight vegetables & tubers surged by 710bps to 12.4% followed by ready-made food inflation at 15.5% (+100bps).

Non-food inflation expectedly accelerated by 70bps to 6.8% year-on-year, largely due to unfavourable base effect and accounted for 70.9% of the rise in headline inflation. We disaggregated the non-food CPI and found that the base effect emanated from the CPI for both housing, utilities, gas & other fuels and transport. Significantly, we note that the CPI for housing, utilities, gas & other fuels contracted by 5.7 points in August 2025, reflecting the impact of lower FX rates and depressed prices of petroleum products. However, these explanatory variables are higher in the 2026 corresponding CPI, resulting in 4.12 points rise in the CPI for August 2026 with the compressed 2025 base leading to a surge in inflation for utilities, gas & other fuels. Nevertheless, we view this year-on-year base drift effect as concealing the softer near-term inflationary pressure which was reflected in lower food inflation and month-on-month deflation.

We foresee stable inflation with slight upside bias for the September 2026 print. Inflation for fresh tomatoes increased sharply to 158.3% year-on-year in August 2026. While we expected an increase (due to a likely modest harvest this year), we view the surge as a one-off shock that will gradually decay in the months ahead. This will normalise food inflation pressure with a potential downward pressure as more harvests hit the food market. We expect this to further cool the food price pressure with downside scope for food inflation. However, the renewed upward pressure on energy prices due to the escalation of the Middle East war will sustain the emerging pressure in non-food inflation to potentially offset food price disinflation. Against this backdrop, we forecast annual headline inflation to print at 5.1% ±0.5pp for September while the month-on-month rate rises to 1.0%.

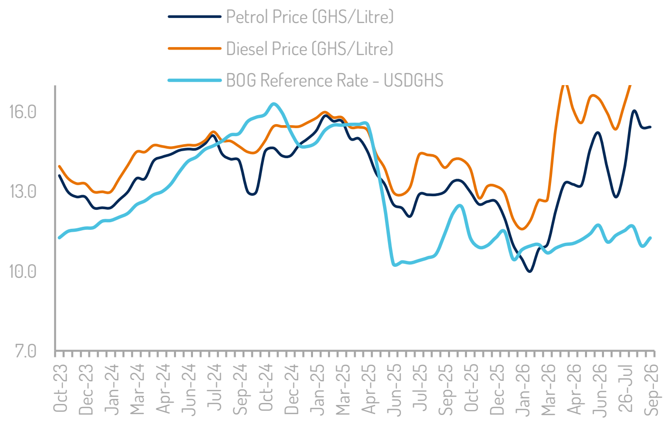
For monetary policy, we expect the MPC to retain the policy rate at 14.0% during the September 2026 meeting. The real policy rate of 9.0% suggests room for a modest cut in the policy rate if the external risk events were less volatile. However, we believe the MPC would opt to preserve the policy headroom to accommodate any unexpected spike in inflation without a need for near-term hike. We however believe the 91-day yield has reached a trough and will require upward repricing to restore positive real yield.

DISAGGREGATED CONSUMER PRICE INFLATION



SOURCE: GHANA STATISTICAL SERVICE, IC INSIGHTS

PETROLEUM PRICES AND EXCHANGE RATE



SOURCE: GOIL PLC, IC INSIGHTS, BANK OF GHANA

FOR MORE INFORMATION CONTACT YOUR IC REPRESENTATIVE

INSIGHTS

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

GLOBAL MARKETS

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

Isaac Avedzidah
Sales Trader, FX & Fixed Income
+233 308 250 051
isaac.avedzidah@ic.africa

King Torku
Trader, Equities
+233 308 250 051
king.torku@ic.africa

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

OPERATIONS

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

Abigail Adu-Darkwa
Head, Business Operations
+233 308 250 051
abigail.adu-darkwa@ic.africa

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

Pearl Fafa Asiamah
Wealth Operations
+233 308 250 051
pearl.asiamah@ic.africa

INVESTMENT BANKING | COVERAGE & WEALTH MANAGEMENT

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

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

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

Isaac Buah
Senior Analyst, Client Coverage
+233 308 250 051
isaac.buah@ic.africa

INVESTING

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

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

Andre Adomakoh
Senior Analyst, Risk Assets
0308250051
andre.adomakoh@ic.africa

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

Clifford Arhin Kinful
Portfolio Manager, Real Assets
0308250051
clifford.kinful@ic.africa

Sadia Illiasu
Senior Analyst, Risk Assets
0308250051
sadia.illiasu@ic.africa

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

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