

FUNDAMENTALS

GHANA SEPTEMBER 2026 INFLATION:

**The base turns,
the band beckons**

**Economist & Head, Insights**

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IN BRIEF**5.2%**

Headline, (Aug: 5.0%)

4.0%

Food (Aug: 3.0%)

6.2%

Non-food (Aug: 6.8%)

1.1%

Month-on-month (Aug: -1.0%)

6.0%

IC forecast, Oct-26

5.7%

IC forecast, Dec-26

- **Price pressures regaining momentum on food price shock.** Ghana's headline inflation edged up by 20bps to 5.2% year-on-year in September 2026, a tad above our 5.1% forecast but still below the lower bound of the Bank of Ghana's 6.0% – 10.0% target range. A surprise 100bps jump in food inflation to 4.0% outweighed a 60bps easing in non-food inflation to 6.2%, which benefited from a favourable base. We note that the September transport inflation did not capture most of the 8.0% hike in administrative fares, suggesting that the October 2026 CPI will likely exhibit most of the cost feed through with upside risk to inflation in the month ahead.
- **Unfavourable base effect will propel inflation to the 6.0% area in October with higher transport cost fanning the flame.** We forecast Ghana's headline inflation to rise by 80bps to 6.0% y/y in October, driven by weaker food supply (than last year) which will introduce unfavourable base drift relative to the October 2025 CPI. We also model transport fare pass-through and higher fuel prices to exert upward price pressures (with crude oil above USD 100 per barrel in our model). However, unchanged utility tariffs should cap the upside risks. Although the ex-ante real policy rate falls to 8.0%, we perceive limited justification for tightening while the shrinking policy space prevents a cut. We thus expect the BOG to retain the policy rate at 14.0% in the November 2026 MPC meeting.

Food bites back, non-food blinks

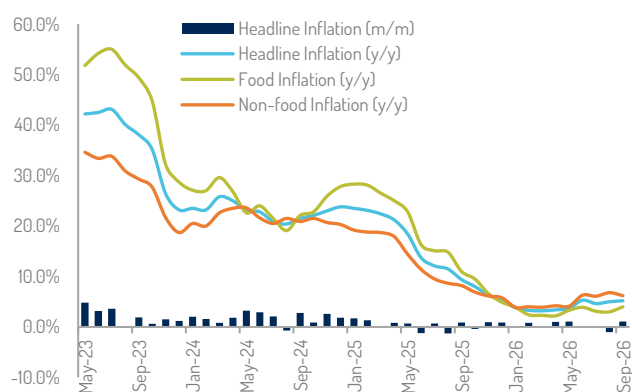
Headline inflation ticked up again to hit 5.2% year-on-year in September 2026 (+20bps vs the August headline rate), landing 10bps above our 5.1% forecast. This marks the second consecutive month of increase and extends the general climb from the 3.2% trough recorded in March 2026 as a combination of global energy price shocks and food supply constraints revived domestic price pressures. The direction of travel for the headline rate was in line with our expectation, but the composition of the changes surprised us. We had anticipated a drop in food inflation as supply from the crop harvest steadily hit the market. However, food inflation became the upside catalyst recording a steep year-on-year and month-on-month rise to outweigh the decline in non-food inflation although non-food inflation accounted for nearly two-third of the headline inflation for September.

The month-on-month inflation indicates strong price pressures, particularly within food inflation, which reversed the headline rate from 1.0% m/m deflation in August 2026 to a 1.1% m/m inflation in September. This suggests that the increase in annual headline inflation in September 2026 reflects genuine uptick in price momentum with food inflation as the catalyst, moving from 2.6% food price deflation in August to 1.5% inflation in September.

The inflation upturn has further reduced the real policy rate to 8.8% as of September with a potential for further reduction in the months ahead as inflation ticks higher. This will create a sense of softening monetary policy stance but without the pressure for immediate hike as our forecast suggests inflation around the 6.0% lower bound of the target range. Consequently, we foresee another “hold” decision at the November 2026 MPC meeting.

Food inflation surprisingly increased by a steep 100bps to 4.0% year-on-year, reaching its highest level since December 2025, raising the share of food in the headline inflation rate to 36.7% in September 2026 (vs c.29.0% in August 2026). Despite a 50bps decline in inflation for vegetables & tubers (11.9% y/y), fresh tomatoes remained the single largest driver of headline inflation with 20.3% contribution to the September annual headline rate.

DISAGGREGATED CONSUMER PRICE INFLATION



SOURCE: GHANA STATISTICAL SERVICE, IC INSIGHTS

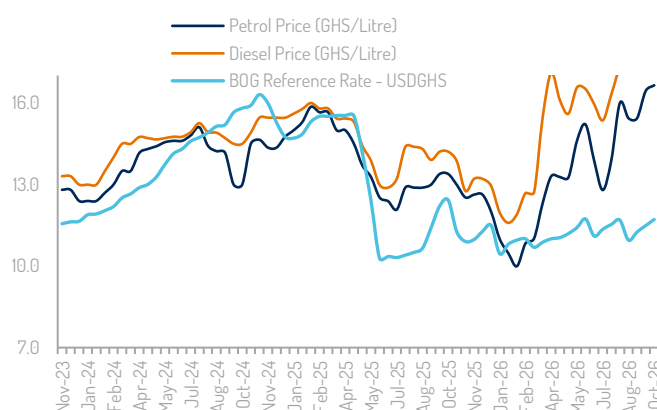
Non-food inflation eased by 60bps to 6.2% year-on-year with three divisions mainly exerting the drag. Housing, utilities, gas & other fuels eased by 130bps to 10.3% year-on-year. Nevertheless, this division was the second-largest contributor to headline inflation (25.6% share), partly due to the lagged impact of the utility tariff hike in 3Q2026 and the structurally sticky rent inflation given the advance payment practices. Transport slowed by 190bps to 5.7% year-on-year, partly reflecting favourable base effect. We note that the September transport inflation did not capture most of the 8.0% hike in administrative fares. Specifically, commercial transport fares accounted for 5.4% of the September headline rate. This suggests that the October 2026 CPI will likely exhibit most of the cost feed through with upside risk to inflation in the month ahead. Inflation for education services fell by 360bps to 5.7% year-on-year but secondary school fees remained among the top ten drivers of headline inflation. Overall, we note that services inflation (8.3% y/y | -30bps) remains the stickiest part of headline inflation, approximately 2.0x the rate for goods inflation and poses the main risk to the inflation outlook.

Unfavourable base effect will propel inflation to the 6.0% area in October with higher transport cost fanning the flame.

Our disaggregated view of the Consumer Price Index showed a 1.05 points contraction in the index level in October 2025 due to a bumper harvest-induced contraction in the food index. While we expect fresh tomato prices to ease in the October CPI, we do not expect a similar supply buoyancy as 2025. Additionally, a greater feed through of the transport fare hikes and the higher prices of petroleum products will exert a push on the CPI for October 2026. However, we expect the upside risk to be capped by the PURC's decision to leave utility tariffs unchanged for 4Q2026 (vs +1.14% for electricity in 4Q2025). Against this backdrop, we forecast annual headline inflation to jump by 80bps to 6.0% whereas the month-on-month rate declines to 0.3% in October 2026.

Monetary Policy Outlook: The ex-post real policy rate now stands at 8.8% as of September 2026. Our October inflation forecast suggests an ex-ante real policy rate of 8.0%, the lowest level since the 6.8% real policy rate in April 2025. This will reduce the policy space but with little case for a hike, keeping the rate on hold at 14.0% in the upcoming November MPC meeting.

PETROLEUM PRICES AND EXCHANGE RATE



SOURCE: GOIL PLC, IC INSIGHTS, BANK OF GHANA

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