FUNDAMENTALS

GHANA OCTOBER 2026 INFLATION:

Food eases the cost bite

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IN BRIEF

5.5%	2.8%	7.9%	-0.1%	5.8%	5.3%
Headline, (Sep: 5.2%)	Food (Sep: 4.0%)	Non-food (Sep: 6.2%)	Month-on-month (Sep: 1.1%)	IC forecast, Nov-26	IC forecast, Dec-26

- **A surprise disinflation in food prices caps the rise in headline inflation below our expectation.** Ghana's headline inflation increased by 30bps to 5.5% in October 2026, below our 6.0% forecast (and 5.8% consensus), as stronger crop harvest numbed food prices to offset higher transport costs and services-led spike in non-food inflation. Monthly prices declined 0.1%, signalling limited underlying price momentum. The real policy rate eased to 8.5% but remains sufficiently restrictive to anchor inflation expectations. We therefore perceive limited justification for an immediate policy response, with the projected year-end outturn reinforcing our view that the recent inflation rebound remains contained rather than broad-based.

- **We expect another inflation climb in November before a favourable base effect exerts a drag towards the low-5.0% in December.** We forecast Ghana's annual headline inflation to rise by 30bps to 5.8% in November as the delayed impact of an 18.5% LPG price hike and recent Cedi weakness feed into the November CPI while the harvest-driven food disinflation fades. However, favourable base effects should pull inflation down to 5.3% in December 2026, closing the year below the end-2025 level of 5.4%. At the nominal policy rate of 14.0%, our forecast inflation would restore the real policy rate to 8.7%, reinforcing monetary restraint. We therefore expect the BOG to keep the policy rate unchanged at 14,0% in the November MPC meeting, allowing time to assess the fiscal risk signals in the imminent 2027 budget.

Transport fares outrun the harvest

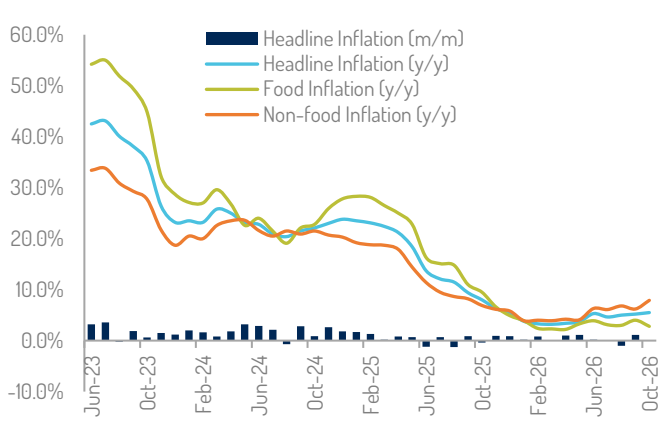
Ghana's headline inflation increased for the third consecutive month in October 2026 with a 30bps rise to 5.5% year-on-year, reaching an 11-month high but landing 50bps below our 6.0% forecast for the month (consensus: 5.8%). The slower-than-expected uptick in headline inflation was occasioned by benign food price inflation in October which helped to largely offset the upsurge in non-food inflation, reducing the net push on the headline rate. We correctly anticipated the cost-push from the 8.0% transport fare hike implemented in late-September 2026 with a lagged impact on the October CPI print but underestimated the strength of the food supply recovery. We noted a contraction in the overall CPI level in October 2025 on the back of the bumper food crop harvest but opted for caution on the harvest conditions for 2026, anticipating a mild uptick in the CPI for October 2026. The surprise nosedive in food inflation significantly offset the surge in services-led spike in non-food inflation to limit the rise in the headline inflation.

The sequential momentum in price pressure revealed a more encouraging dynamic. The mild contraction in the overall CPI resulted in a 0.1% m/m deflation (vs 1.1% inflation in September), implying slight decline in general price level between September and October 2026. We view this as a reassuring signal of relative price shifts rather than a broad-based build in inflation pressure.

From a policy perspective, we note that headline inflation remains sticky below the lower bound of the authorities' 6.0% – 10.0% target range despite the three consecutive months of increase. This trimmed the real policy rate by 30bps to 8.5% in October 2026 but remains sufficiently tight to anchor inflation expectation and price momentum.

Food inflation moderated sharply by 120bps to 2.8% year-on-year, the lowest level since the 2.2% posted in April 2026. This reduced food's share of headline inflation to 24.3% in October (vs 36.7% in September). We attribute the sharp disinflation to crop harvest mainly from the northern agricultural zones which was reflected in a sharp decline in vegetables & tubers inflation to 6.2% year-on-year (vs 11.9% in September 2026)

DISAGGREGATED CONSUMER PRICE INFLATION



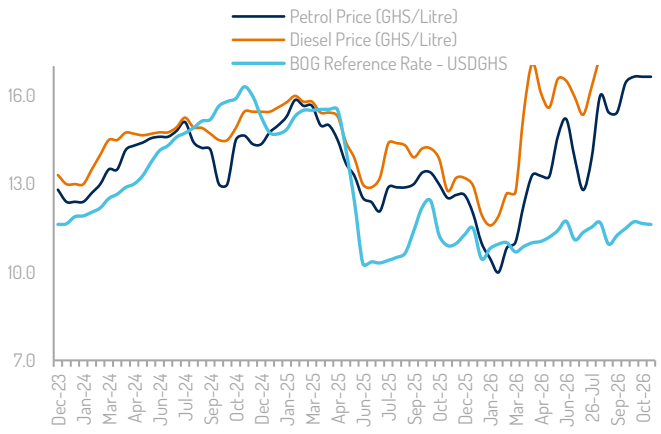
SOURCE: GHANA STATISTICAL SERVICE, IC INSIGHTS

Non-food inflation expectedly spiked by 170bps to 7.9% year-on-year, the highest level since September 2025, as services inflation surged by 320bps to 11.5% and represented 3.0x the pace of goods price inflation. Notably, the heavy-weight transport inflation accelerated by 840bps to 14.1% year-on-year, reflecting the pass-through of the 8.0% hike in administrative fares amid the higher fuel cost. Although the regulatory hike was 8.0%, we noted that implementation culminated in effective hikes above 8.0%, partly due to the unapproved rounding up behaviour of retail service providers to avoid accepting low-value coins in Ghana's cash-heavy informal economy. Education service cost also surged by 330bps to 9.0% as school fees reset higher at the start of the academic term (+3.4% m/m) while rent payments (13.5% of headline inflation) and accommodation kept the services basket sticky. Housing, utilities, gas, and other fuels edged up 20bps to 10.5% year-on-year as the unchanged utility tariffs in 4Q2026 cap the upside occasioned by the higher fuel prices.

We perceive another climb in November before a favourable base effect exerts a drag towards the low-5.0% in December. The 18.5% price hike for Liquified Petroleum Gas (LPG) with effect from 16 October 2026 was outside the October CPI data window. This implies a residual push into November 2026 CPI data amid mild Cedi weakness with upside risk to annual headline inflation. We also expect the food disinflation tailwind occasioned by the crop harvest to start to fade in November, giving way for greater upside risk from the non-food division. We therefore project annual headline inflation to print at **5.8% ±0.4pp in November 2026** (+30bps) while the month-on-month rate quickens to 1.2%.

For December 2026, we expect favourable base effect to set in with a drag on the annual headline inflation to 5.3%, closing the year a tad below the end-2025 level of 5.4%. At the current nominal policy rate of 14.0%, our forecast end-2026 inflation will widen the real policy rate to 8.7% by year end and preserve the tight policy stance. We believe this strengthens the case in favour of keeping the nominal policy rate unchanged at 14.0% during the November 2026 MPC meeting, which would also allow the Bank of Ghana to fully review the fiscal signals in the 2027 budget.

PETROLEUM PRICES AND EXCHANGE RATE



SOURCE: GOIL PLC, IC INSIGHTS, BANK OF GHANA

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