

The background of the slide features a blurred image of several stacks of gold coins on the left side. On the right side, there is a stylized bar chart with several vertical bars of varying heights. A thick red line is overlaid on the chart, starting from the bottom left and trending upwards to the top right, ending in an arrowhead. A dark grey diagonal shape overlaps the bottom left corner of the image.

UMB IHL MONTHLY INFLATION DIGEST

DECEMBER, 2022



Contents



- Year-on Year Inflation
- Regional Breakdown

1



- Food and Non-Food Inflation
- Local and Imported Inflation

2



- Policy Rate, 364-Day T-Bill, & Inflation Trade-off
- Major contributors to Ghana's Y-o-Y inflation
- Inflation Disaggregation

3



- Ghana's Inflation against African Peers
 - i. West Africa
 - ii. Ghana Vs. Floating Exchange Rate Regime Countries

4

Inquiries should be addressed to:

Wilfred Agyei

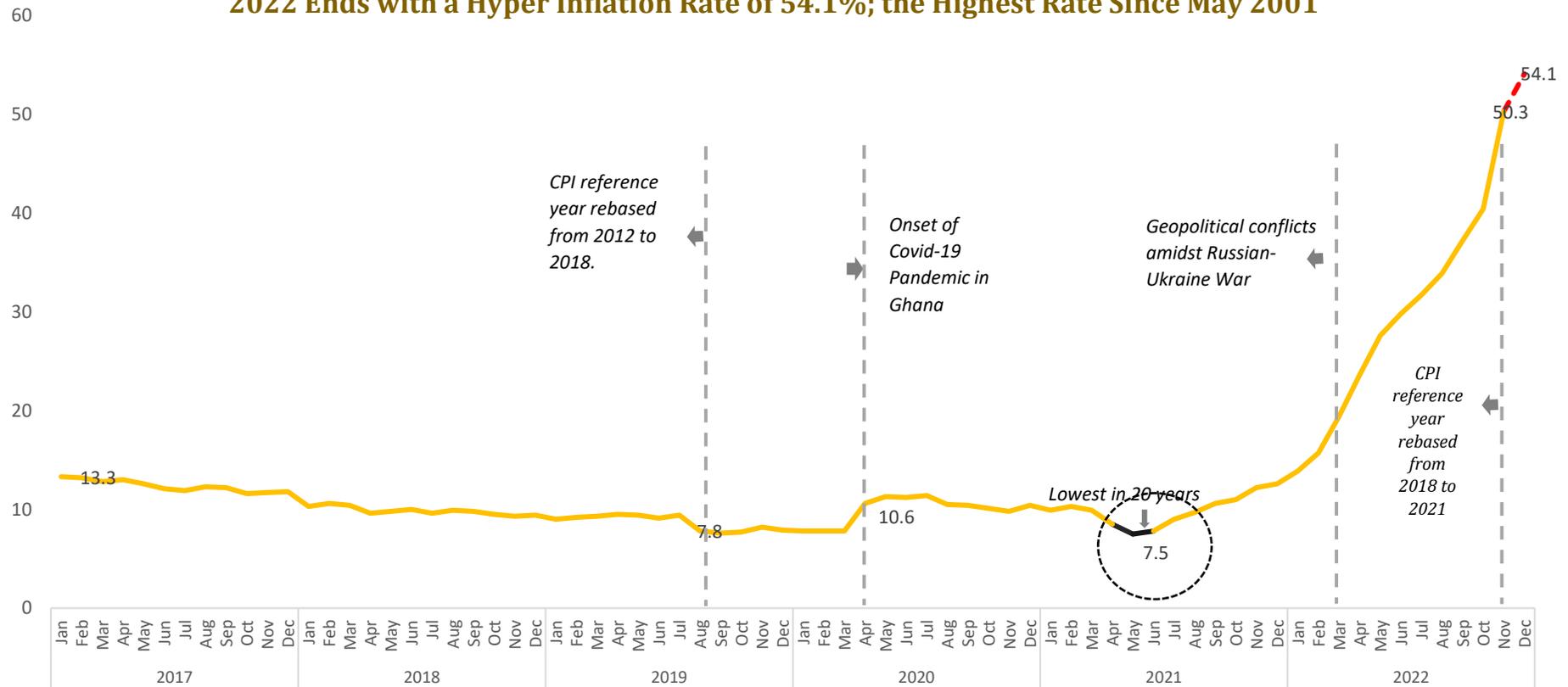
wagyei@umbcapital.com

Victor Apatu

vapatu@umbcapital.com



2022 Ends with a Hyper Inflation Rate of 54.1%; the Highest Rate Since May 2001



- ▶ *Month-on Month rate of increase in the Consumer Price Index (CPI) slowed in December compared to November.*
- ▶ *The CPI increased by 380 bps vis-à-vis 990 bps recorded in November, to end the year with a Y-o-Y inflation rate of 54.1%.*
- ▶ *Products and services which most influenced the surge in December's inflation rate were: Housing, water, electricity, gas, and other fuels; Furnishings and household equipment; Transport; Personal care, social protection and miscellaneous goods and services; and Food and Non-Alcoholic Beverages.*



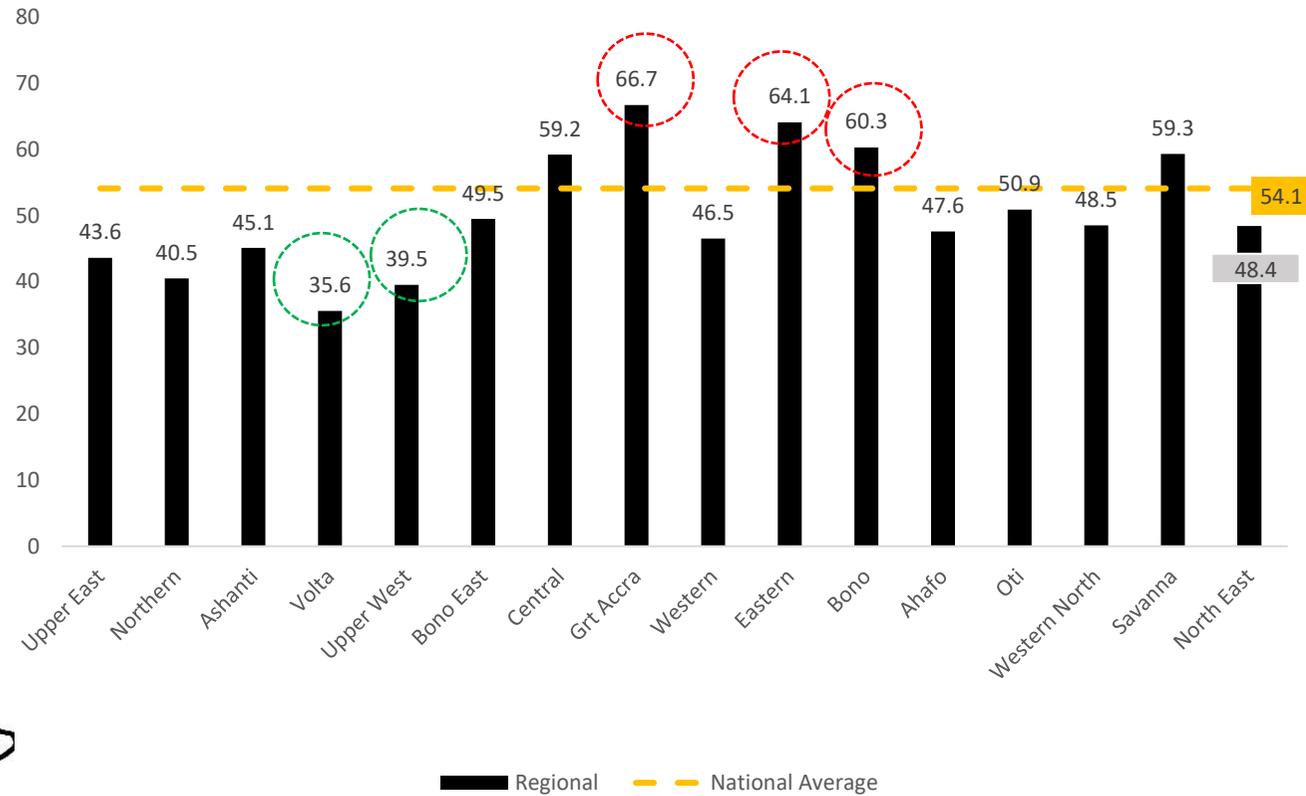
Volta and Upper West Regions Record the Lowest Regional Y-o-Y Inflation Rates, while Greater Accra and Eastern Regions End the Year with the Highest Rates

“

Greater Accra, Eastern, and Bono regions lead the national average, crossing 60%.

Volta region (35.6%) and Upper West region (39.5%) remained significantly lower than the national average of 54.1%.

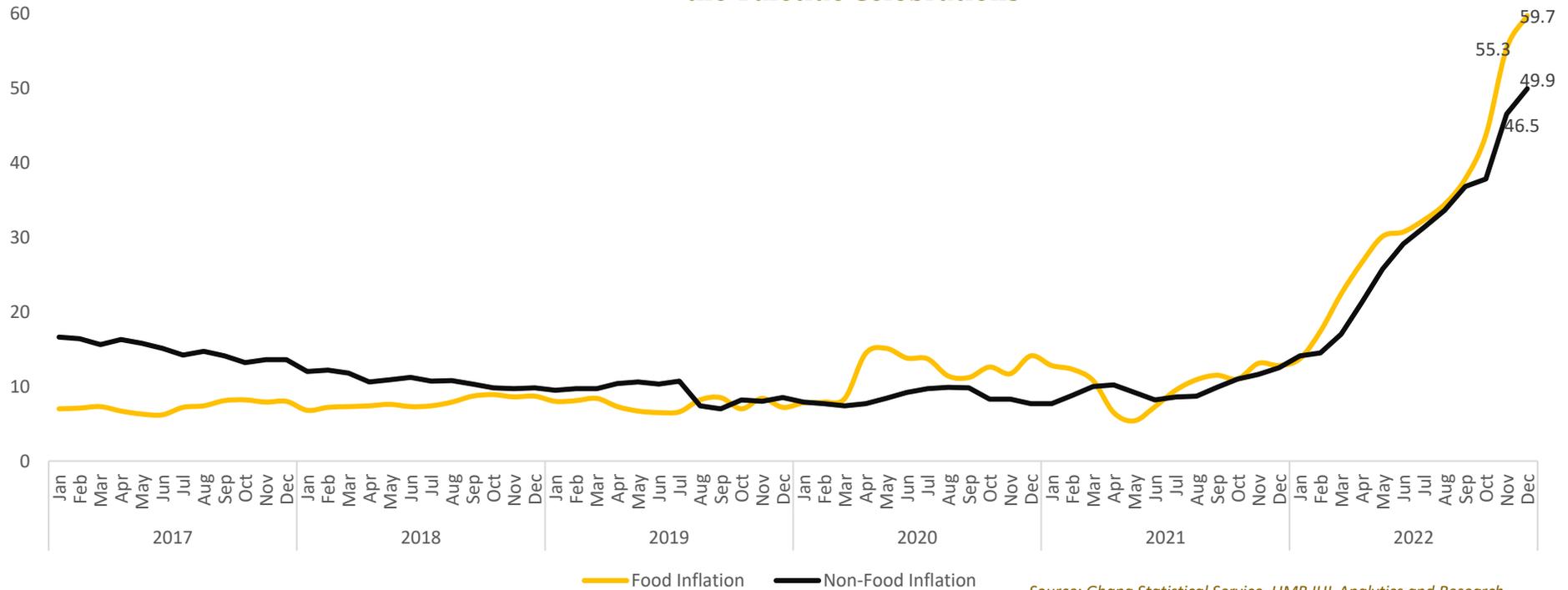
”



Source: Ghana Statistical Service, UMB IHL Analytics and Research



Food Inflation Surges by 9.8 Percentage Points Ahead of Non-food Inflation Amidst the Yuletide Celebrations



Source: Ghana Statistical Service, UMB IHL Analytics and Research



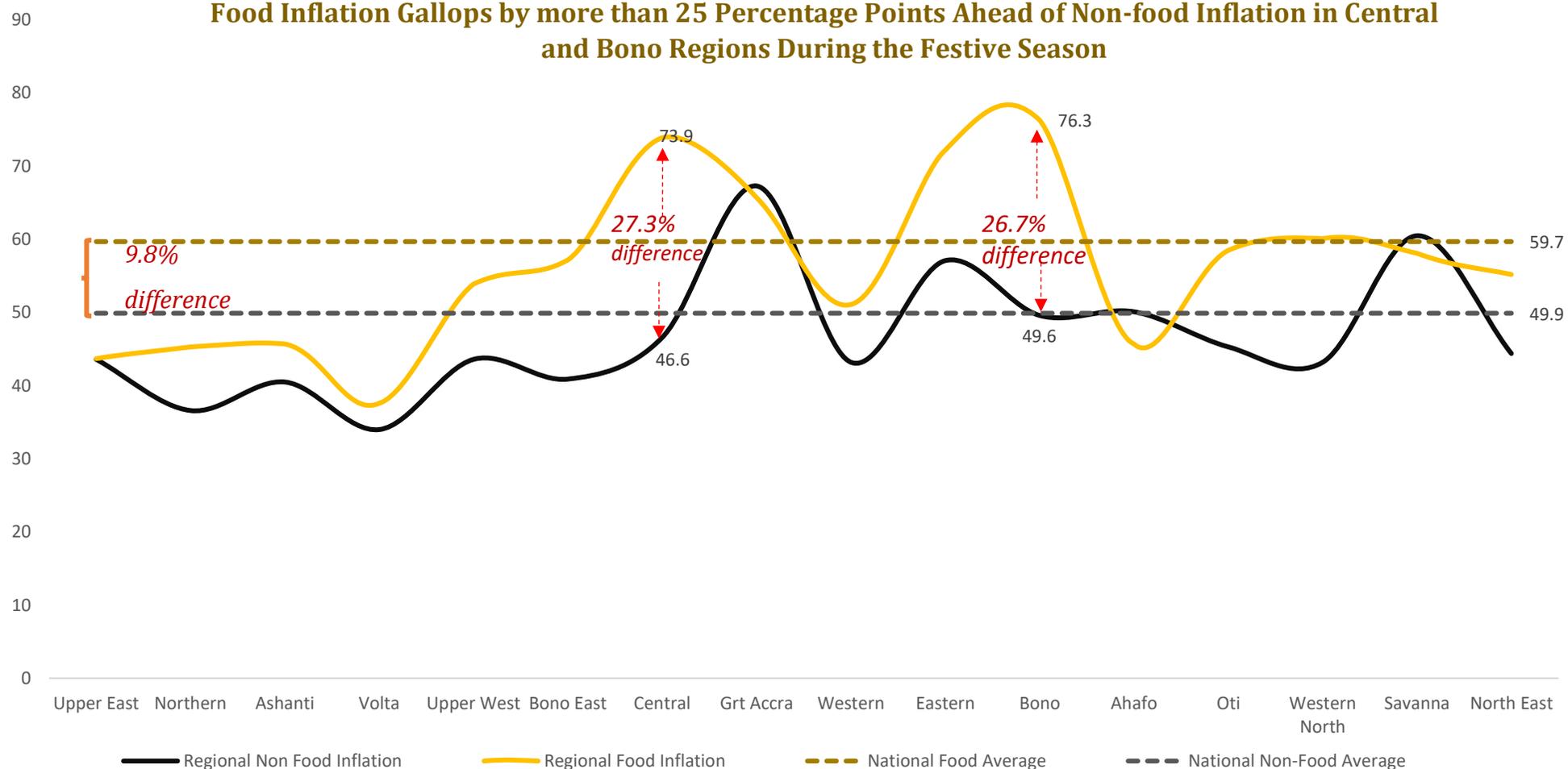
Month-on-Month food prices increased by 440 bps during the festive season with major drivers for December's rate being Fruits and vegetable juices; Tea, mate, and other plant products for infusion; Coffee and coffee substitutes; and Sugar, confectionery, and desserts respectively.

Non-food inflation on the other hand was driven significantly by Transport; Furnishings and household equipment; Personal care and social protection; and Alcoholic beverages, tobacco, and narcotics.





Food Inflation Gallops by more than 25 Percentage Points Ahead of Non-food Inflation in Central and Bono Regions During the Festive Season

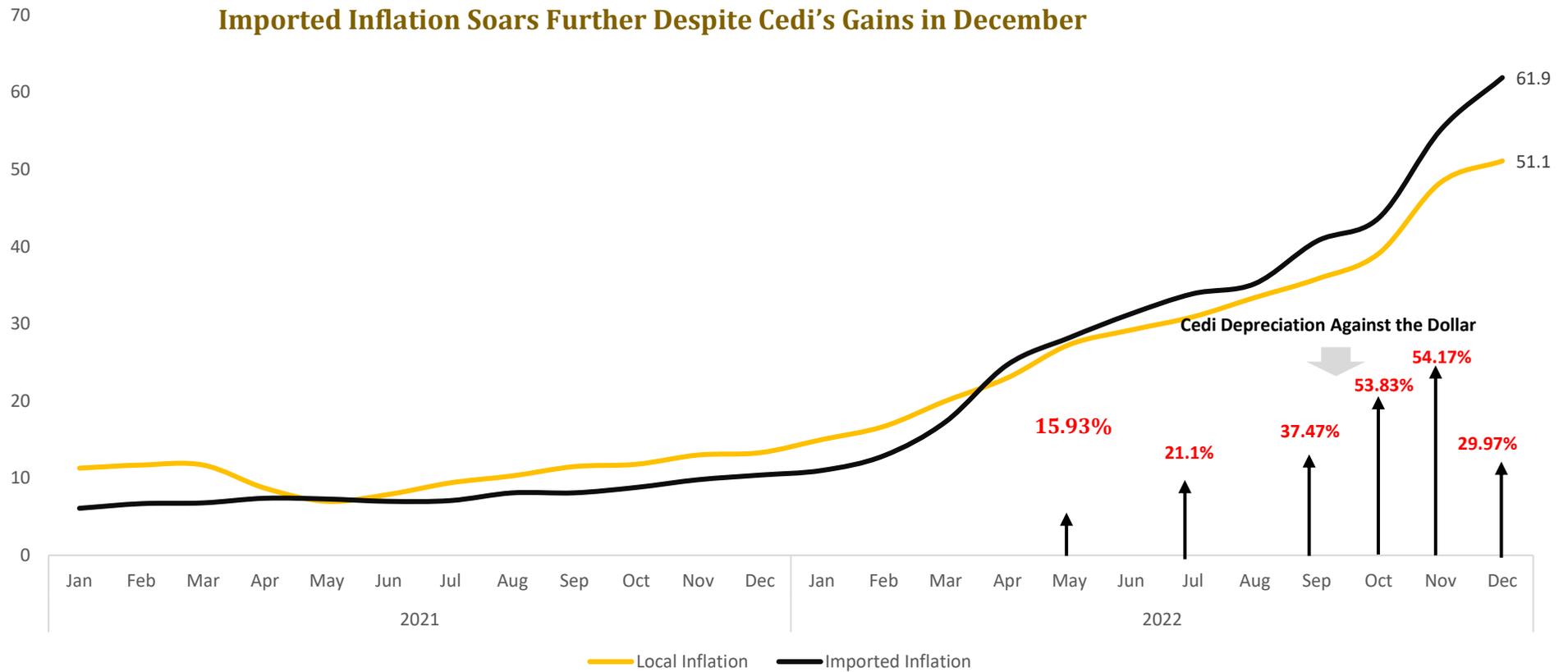


- ▶ Year-on-Year Food inflation was highest in Bono (76.3%), as it surged by 16% above the national average (59.7%). Central region witnessed the second-highest Y-o-Y Food inflation rate (73.9%), higher than the national average by 14%.
- ▶ Other regions whose Y-o-Y food inflation exceeded the national average include Greater Accra, Eastern and Western north regions respectively.
- ▶ Apart from Greater Accra, Eastern, Savanna and Bono Western North regions, Y-o-Y non-food inflation in all other regions were below the national average.





Imported Inflation Soars Further Despite Cedi's Gains in December



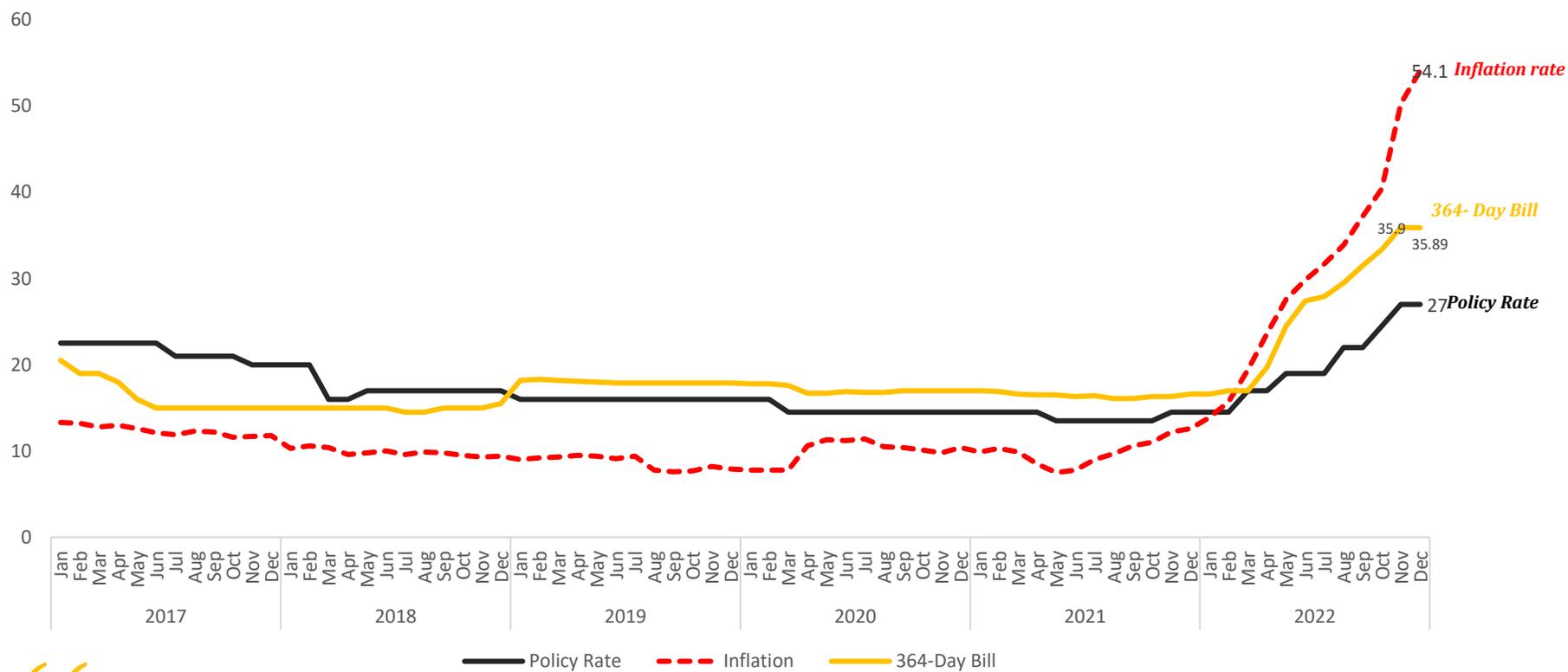
“

- ▶ *The Ghana Cedi made an impressive 34.55% appreciation against the US Dollar in December.*
- ▶ *Producers and sellers of goods/commodities and services justified their unwillingness to reduce their prices just because of the gains made by the Cedi in the month.*
- ▶ *Therefore, despite the Cedi's appreciation, its impact was insignificant relative to the general price level on the local markets*

”



Monetary Policy Rate and Treasury Bill Rates Trail Behind Inflation Rate for the Tenth Consecutive Month



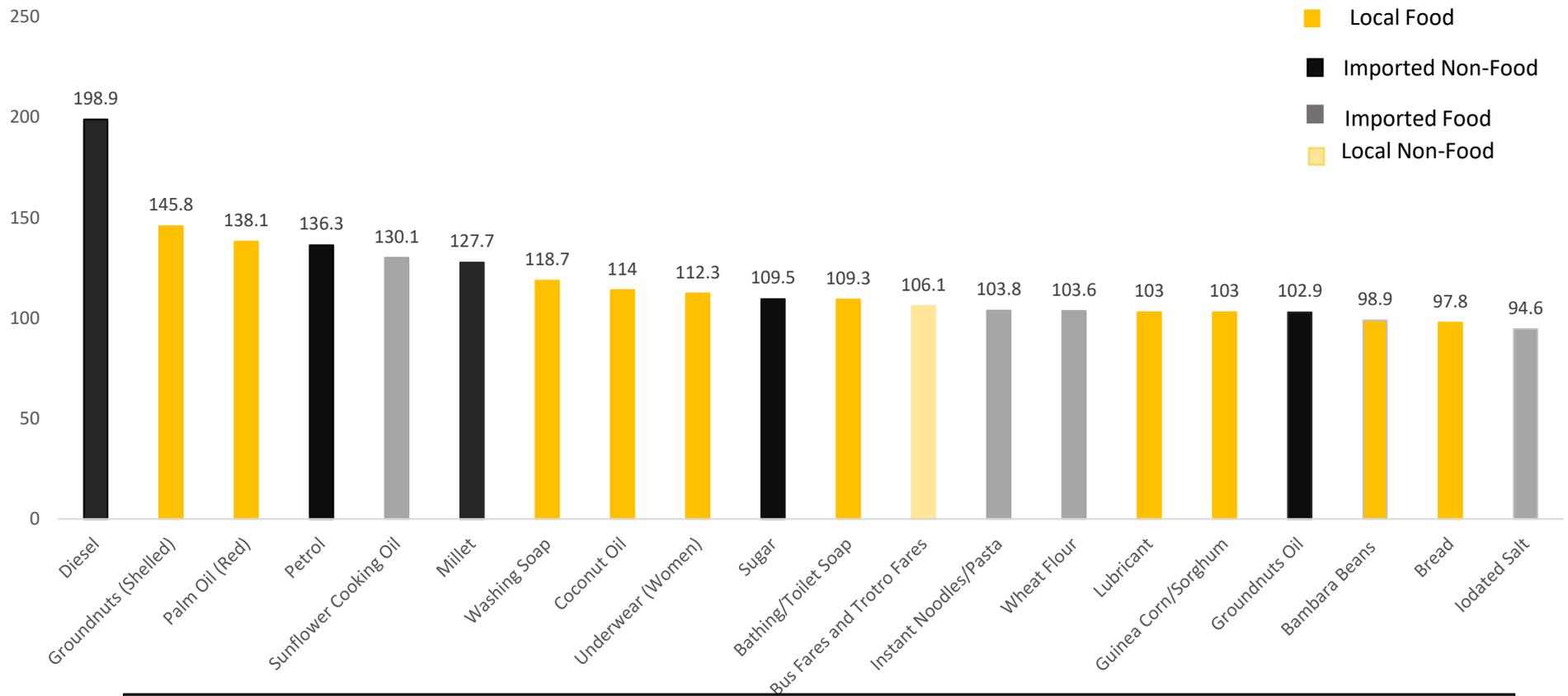
“

While the rate of month-on-month increase in Ghana’s inflation rate moderated during December compared to November, the policy rate remained at 27%, and the interest rate of the 364-day bill fell marginally to end the year at 35.89%.

”



Top Twenty (20) Drivers of Year-on-Year Inflation/Year-on Year Price Changes



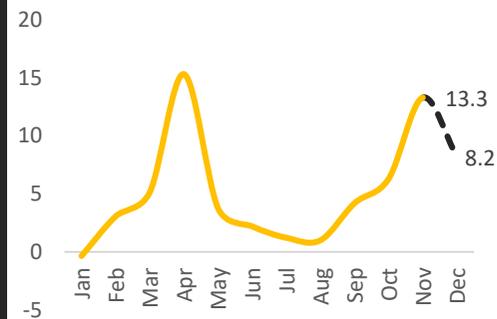
Cedi's gains in December could not tame heightened imported and food inflation, with local food items significantly dominating major price changes



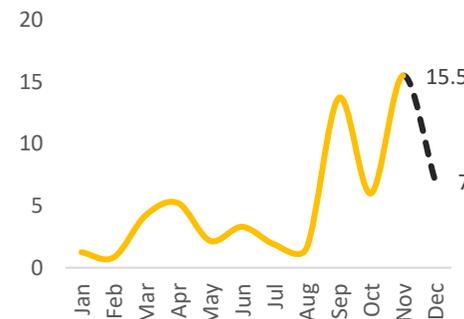
Month-on-Month Food Inflation Disaggregation

- ▶ Major drivers of month-on-month food inflation witnessed a decline in their rate of increases.
- ▶ Fruits and vegetable juices recorded the highest month-on-month food inflation (8.2%).
- ▶ This was closely followed by tea, mate & other plant products for infusion
- ▶ Price change in coffee and coffee substitutes was the third highest rate of increase at 6.4% (down from 10.9% in November).

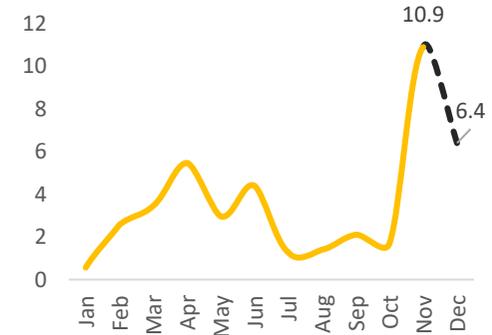
Fruits and Vegetable Juices



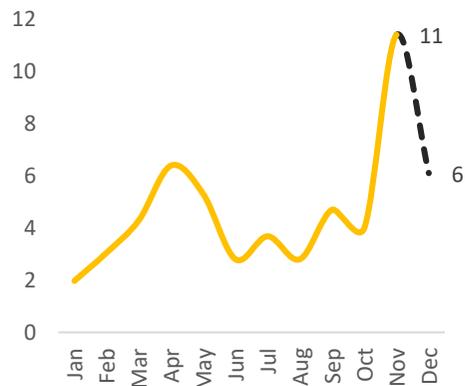
Tea, Mate and other Plant Products for Infusion



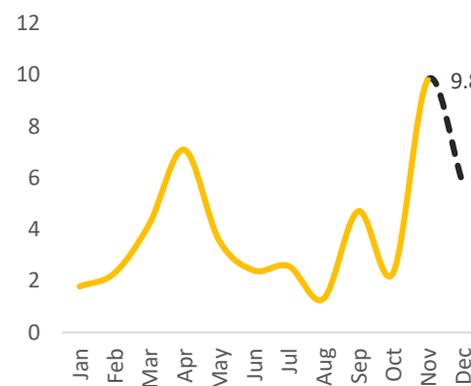
Coffee and Coffee Substitutes



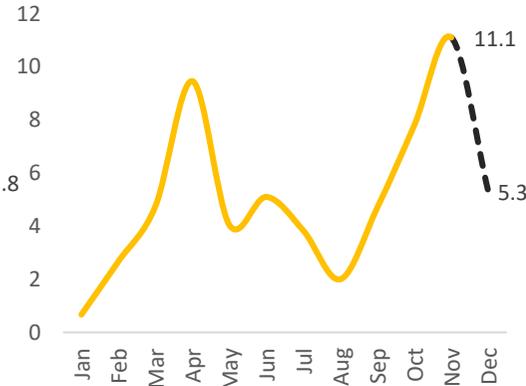
Cereals & Cereal Products



Live animals, meat & other parts of slaughtered land animals



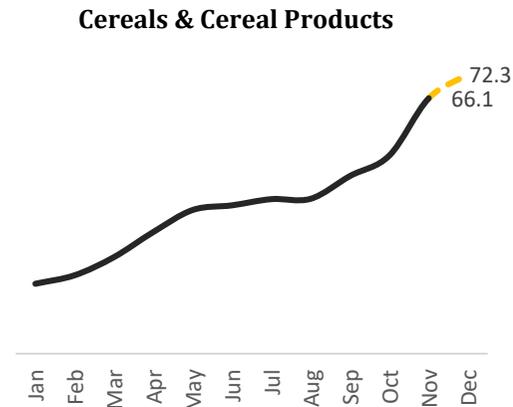
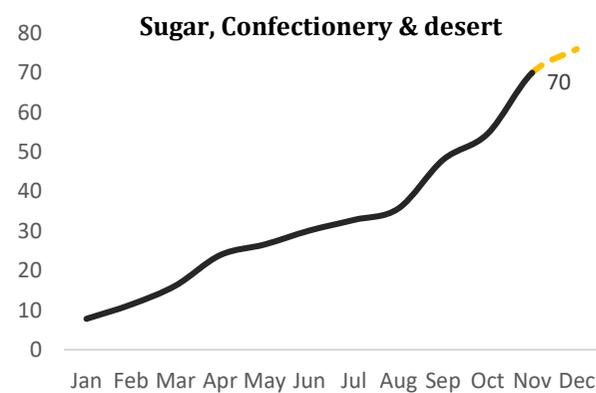
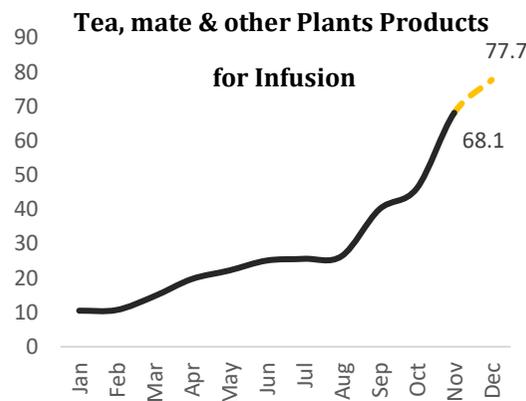
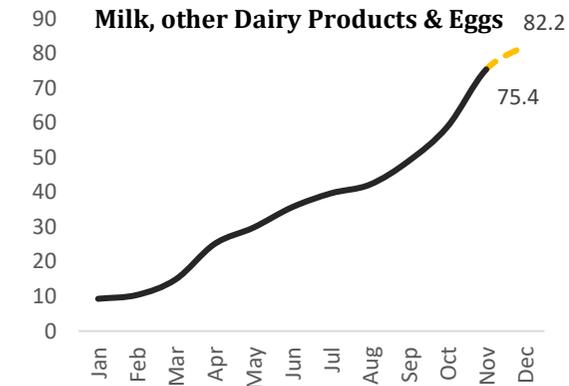
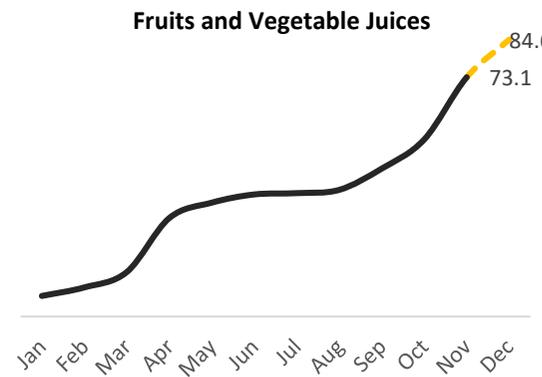
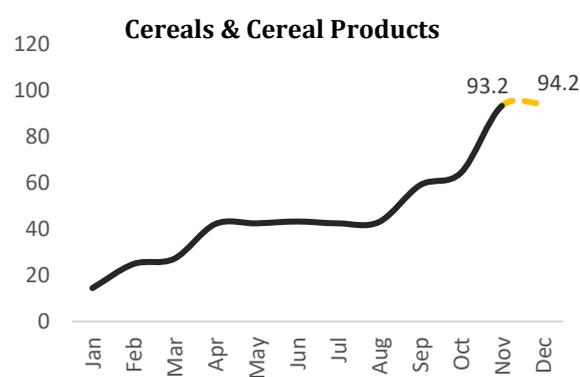
Milk, other dairy products, and eggs



Source: Ghana Statistical Service, UMB IHL Analytics and Research



Year-on-Year Food Inflation Disaggregation



- ▶ *Cereals and cereal products recorded the highest year-on-year food inflation reaching a new high of 94.2%.*
- ▶ *This was followed by fruits and vegetable juices (84.6%) and, milk, other dairy products & eggs (82.2%).*
- ▶ *Tea, mate & other plant products for infusion recorded the fourth highest rate of increase (77.7%).*



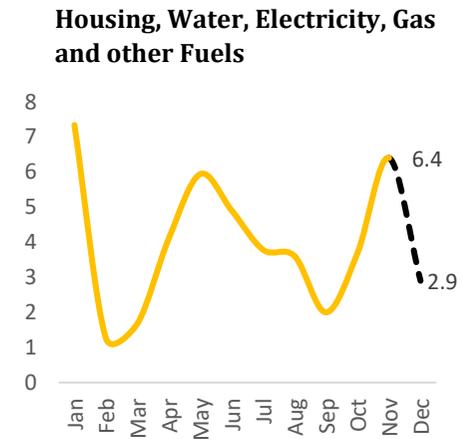
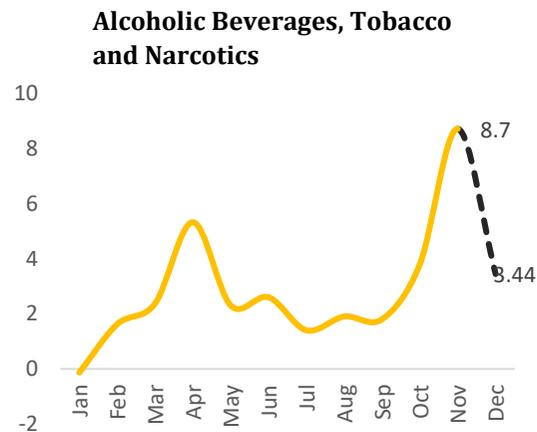
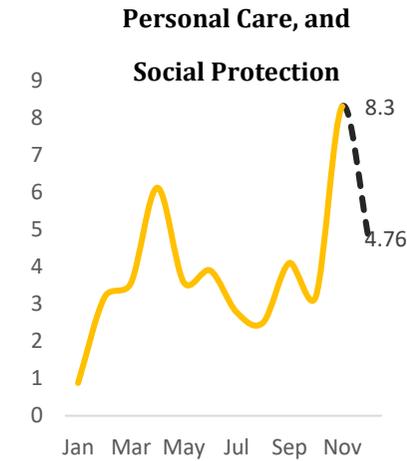
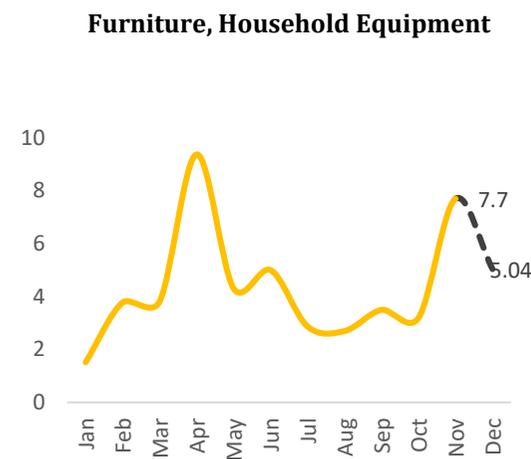
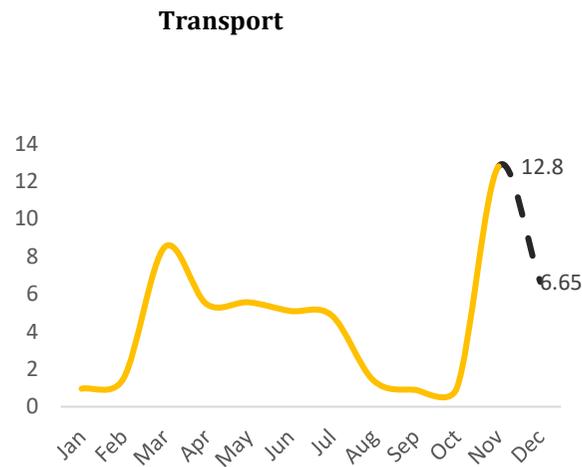
Month-on-Month Non-food Inflation Disaggregation

▶ Major drivers for month-on-month non-food inflation also declined in the rate of increase.

▶ Transport recorded the highest month-on-month inflation for the non-food category with a rate of 6.65%.

▶ Furniture and household equipment followed with 5.04%.

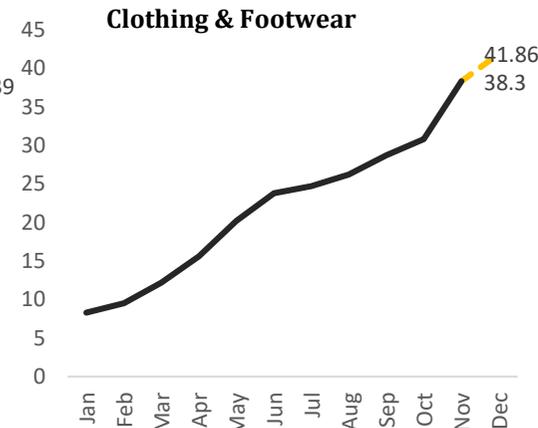
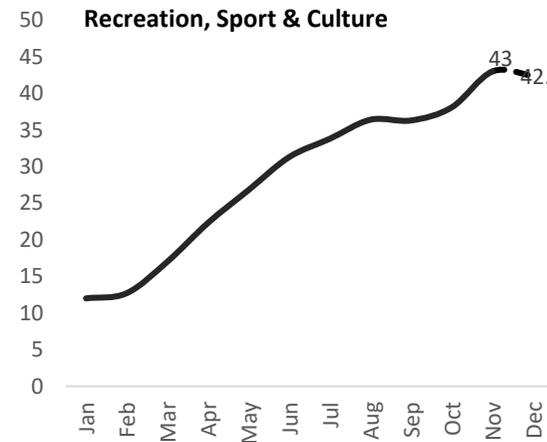
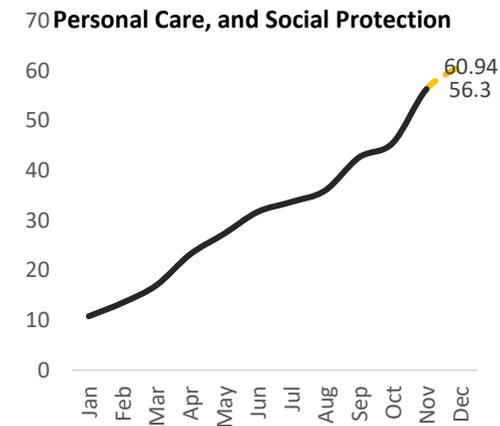
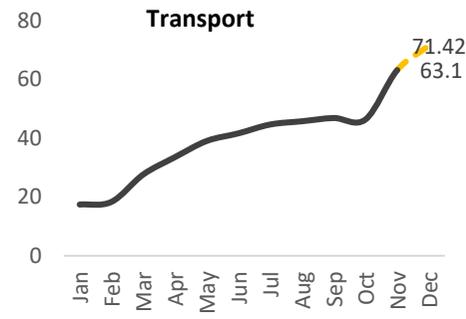
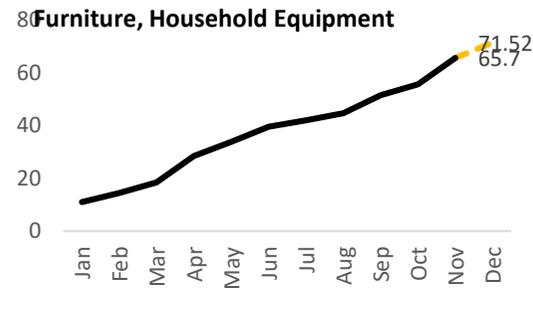
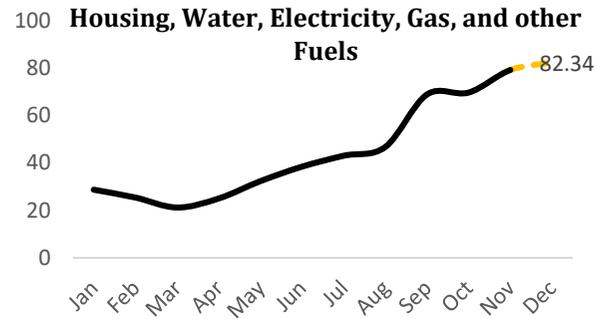
▶ Price change in personal care and social protection was the third highest with 4.76%





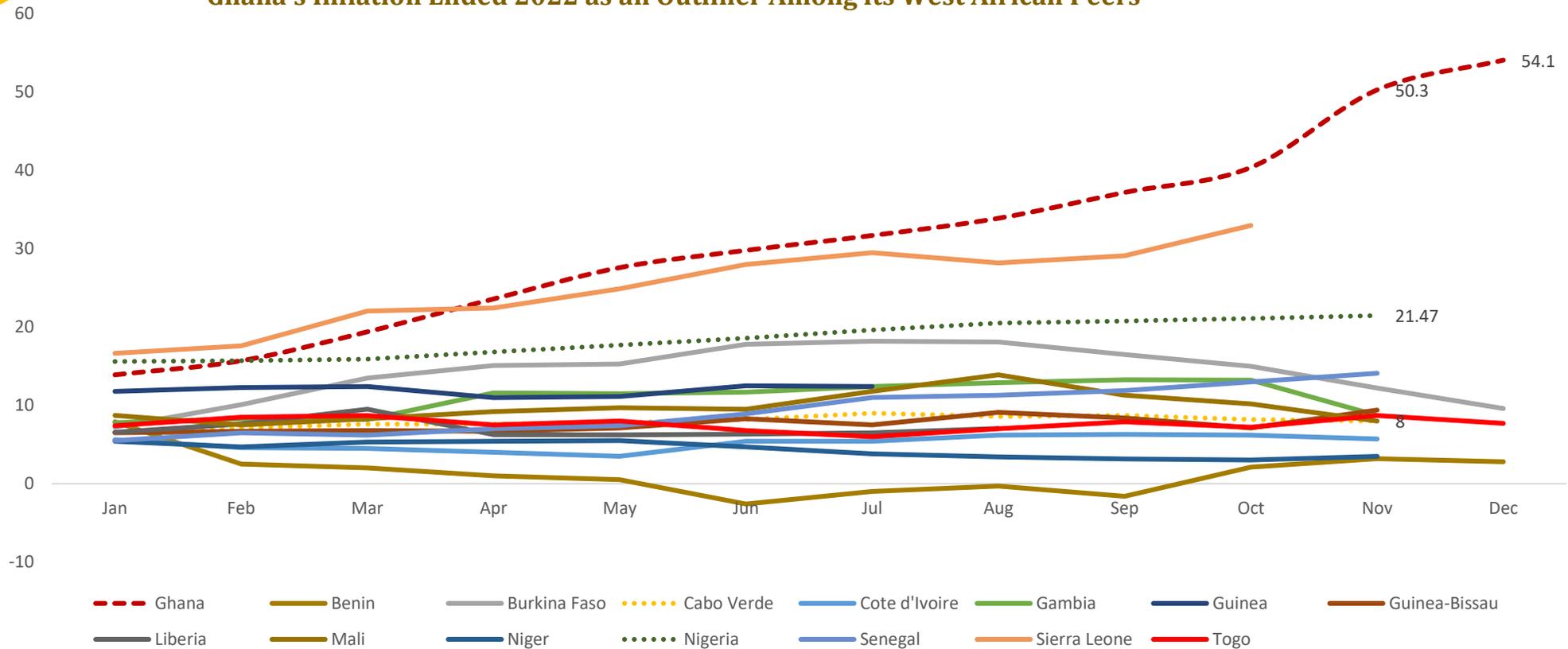
Year-on-Year Non-food Inflation Disaggregation

- ▶ *Housing, water, electricity, gas, and other fuels recorded the highest Year-on-Year non-food inflation reaching a new high of 82.34%*
- ▶ *This was followed by furniture and household equipment (71.52%)*
- ▶ *Transport emerged third with an increase of November to 71.42%*





Ghana's Inflation Ended 2022 as an Outliner Among its West African Peers

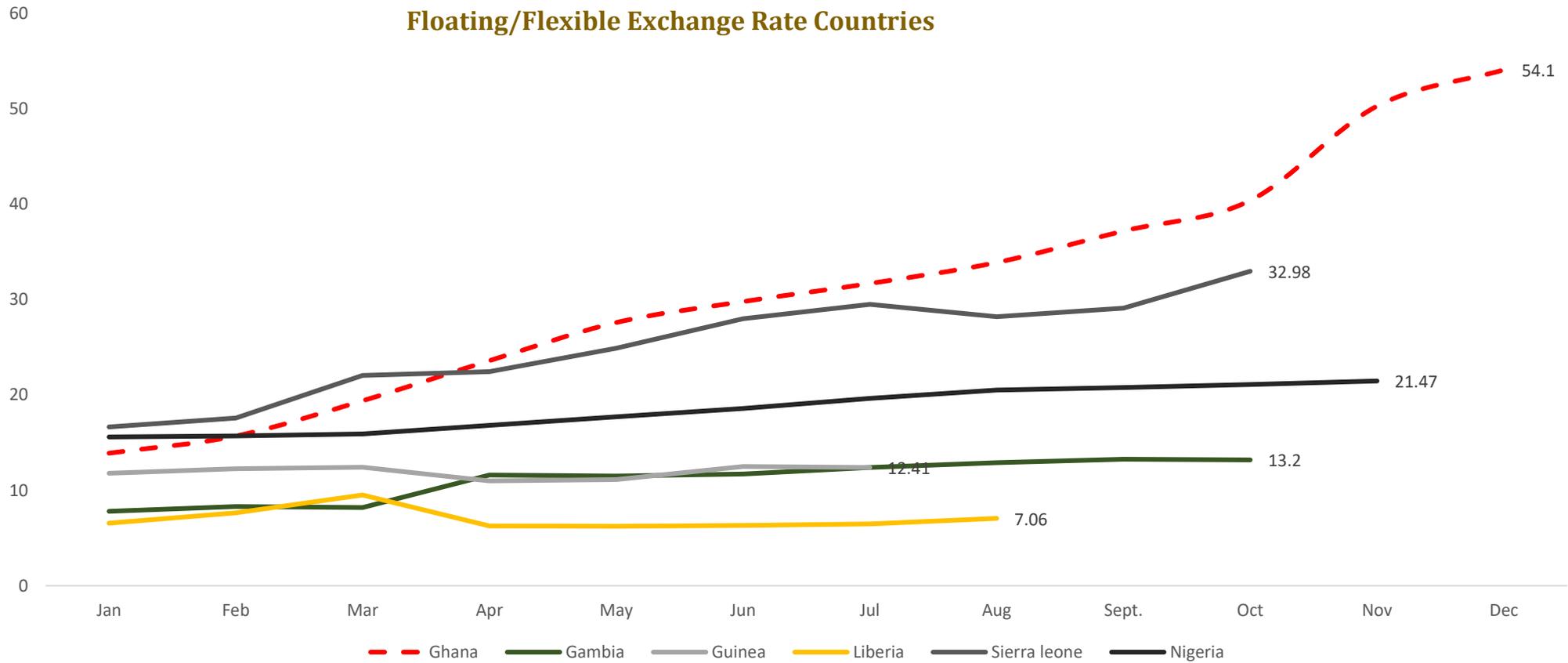


“ Ghana’s inflation for the year 2022 averaged 31.47%; as against a West African average of 11.49%. This is largely in part on account of the protracted weakening of the Cedi against major trading currencies during the year.





Floating/Flexible Exchange Rate Countries



“ West African Countries with floating and flexible exchange rates led the rate of increases in inflation rate within the Sub region, with Ghana recording the highest rates in 2022. ”

Source: Ghana Statistical Service, Trading Economics, Official Website of Various Central Banks UMB IHL Analytics and Research

Disclaimer

This document is not intended to be an offer or a solicitation of an offer for the sale or purchase of any security. The information and opinions contained in this document have been compiled from or arrived at in good faith from sources believed to be reliable. Whilst care has been taken in preparing this document, no representation is given and no responsibility or liability is accepted by UMB Investment Holdings Limited, any member of UMB Investment Holdings Limited, or UMB Capital as to the accuracy of the information contained herein. All opinions and estimates contained in this report may be changed after publication at any time without notice.

About UMB Investment Holdings Limited

UMB Investment Holdings Limited (UMB IHL) is the pioneer investment firm in Ghana. It has its roots in Merban Investment Holdings Ltd incorporated as a wholly owned subsidiary of Merchant Bank (now Universal Merchant Bank) on 5th December 1975. UMB IHL is licensed by the Securities and Exchange Commission (SEC) under the Securities Industry Law (PNDC Law 333) and registered with the National Pensions Regulatory Authority (NPRA) as a Pension Fund Manager.

UMB IHL over the past decades empowered businesses, individuals, and governments with excellent finance and investment services. The company is well positioned to play a strategic role in helping both corporate and individual citizens as well as governments achieve their strategic objectives through its suite of finance and investment products and services.

The firm has been working with individual and corporate clients both resident in Ghana and abroad, across many industry sectors such as Insurance, Banking, Oil marketing, and Construction. We also serve religious groups, professional associations, NGOs, etc.

Our retail clients consist of high-net-work individuals, pensioners, students, workers of various levels, as well as professionals drawn from a broad spectrum of the economy.

We currently manage several institutional portfolios with over 12,000 clients.

What we do

1. **Investment Banking:** Corporate Finance and Advisory, Capital Markets, Mergers and Acquisitions, Structured Finance
2. **Asset Management:** UMB Balanced Fund, Treasury Bills, Notes and Bonds, Pensions, Provident Funds, Other Institutional Funds
3. **Wealth Management:** Private Wealth Management, Retirement Products
4. **Trustee Services:** Collective Investment Scheme Trustees, Bond Trustees, Estate Planning, Private Trusts, Corporate Trusts

For more information about our services, contact:

UMB Investment Holdings Limited

57 Dr. Isert Street, North Ridge

P.O. Box CT 1317, Accra-Ghana

T: +233 302251137/8

Website: www.umbinvestmentholdings.com