

Ghana

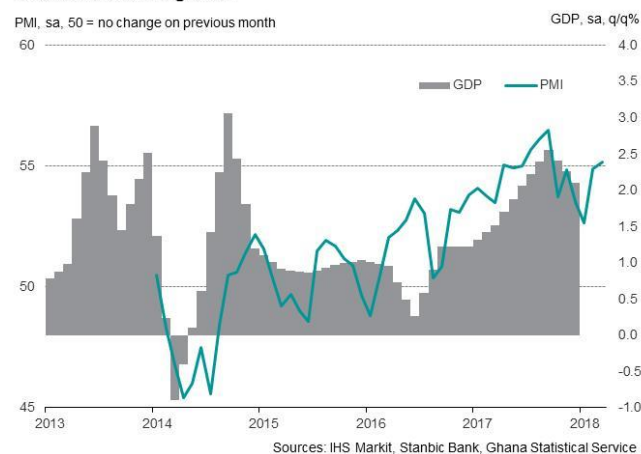
Ghana's economic recovery continues amid muted price pressures

- **PMI rises to six-month high in March, with inventory building at new record**
- **Price pressures remain muted**
- **Central bank cuts interest rates further**

Muted inflationary pressures are enabling a more accommodative monetary policy stance in Ghana, helping to support business investment and economic growth.

The latest Stanbic Bank Ghana PMI, compiled by IHS Markit, pointed to the strongest improvement in business conditions for six months in March. The survey recorded a sharp rise in new orders and accelerating output growth. The data signalled gathering momentum at the end of the quarter and suggests that GDP growth will pick up in Q1.

Ghana economic growth



A key highlight from the latest survey was the largest accumulation of stocks of purchases (inputs) since the survey began in January 2014, helped by sharp growth of input buying, which also rose at a survey-record pace. This improved investment in inventories reflected confidence among firms in Ghana that new order inflows will continue to increase in coming months, while also coinciding with falling interest rates and muted inflationary pressures.

The Bank of Ghana stuck with an agenda of loose monetary policy, which has been seen during the past

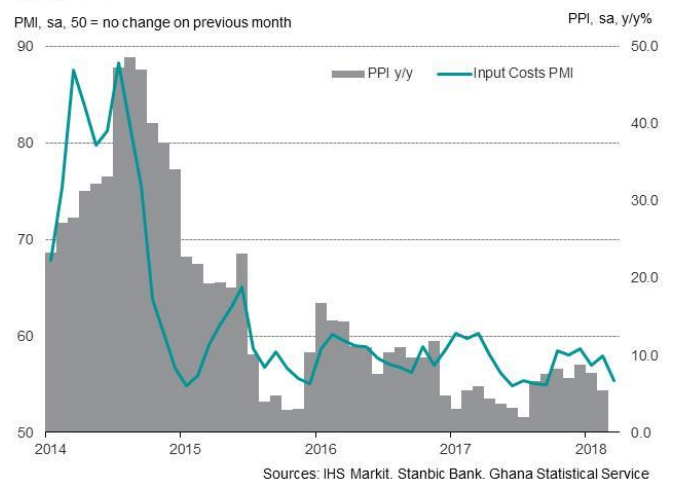
year-and-a-half, cutting interest rates from 20% to 18% in March. Rates had been as high as 26% in 2015-2016 as the central bank attempted to ward off inflation.

Ghana Interest Rates, %



Policymakers have been encouraged to lower rates recently as a result of relatively modest inflationary pressures. Consumer prices rose 10.4% year-on-year in March, among the lowest in four-and-a-half years. IHS Markit forecasts inflation for 2018 to ease to 10.0%, which would be in line with the Bank of Ghana's target of 8% ($\pm 2\%$). Similarly, producer price inflation has slowed in recent months, consistent with PMI prices data. Companies reported that output prices increased modestly in March, with the rate of inflation the weakest since September last year.

Ghana PPI



An improving business environment is likely to help support further expansions in output as the year progresses. IHS Markit is currently forecasting GDP to rise 8.9% during 2018 from 8.5% in 2017. The next monthly PMI release will be published on May 4th, covering data for April.

Andrew Harker

Associate Director

IHS Markit

Tel: +44 1491 461 016

Email: andrew.harker@ihsmarkit.com

[Click here](#) for more PMI and economic commentary

For further information, please visit www.ihsmarkit.com