

# CEPA raises concerns over interest rates

Last Updated: Thursday, 12 November 2009, 9:44 GMT



Finance Minister Dufuor

The Centre for Policy Analysis (CEPA) has raised concerns about the prevailing interest rates on the domestic market and the high inflationary expectations, which, they say, is impacting negatively on economic growth.

At the launch of the "Ghana Economic Review and Outlook 2009" in Accra Wednesday, Dr Samuel Nii-Noi Ashong of the centre said, "Many industrialists, exporters and domestic import-competing producers have complained that successive interest rate hikes have sharply raised the cost of doing business in the country".

According to the Fellow of the economic think tank, the impact of the high interest rates was adversely being felt on trade, finance, export earnings and economic growth.

Since January this year, the country has been battling against inflation, the global economic crunch, a falling cedi against the major international currencies. The Government has, in the last couple of months, faced criticism for not doing enough to fight inflation, which has hovered around 20 per cent for most of the year, though it did fall slightly in July and August.

"Inflation and growth appear well balanced with policies working to strengthen the disinflation process that has begun and keep it on the path towards the inflation target of 14.5 per cent for the year," according to a Central Bank source.

However analysts pointed out that, "Despite encouraging signs in the past two months, the 14.5 per cent end-of-year target will be difficult to reach".

And Dr Ashong added that given the experience of persistent overshooting of inflation targets, and with no change in the monetary policy framework and target setting, the target for 2009 would prove unrealistic and that it was therefore surprising that the target for 2009 was revised from 12.5 per cent to 14.5 per cent.

Source: Daily Graphic

Story : Suleman Mustapha