

Ghana's economy likely to slow to 4-year low – CEPA

June 25, 2015

Ghana's GDP growth, which plunged to a record low on quarterly basis between July and September last year, may at best be 4.8 percent for 2013, according to a new forecast by the Centre for Policy Analysis (CEPA).

Growth could even be lower, at 4.5 percent, if the fourth quarter data - set to be released in April - do not show a significant improvement over the prior three months, Dr. Joe Abbey, CEPA's Executive Director, told the B&FT.

He was speaking after the Ghana Statistical Service (GSS) released bleak 2013 third-quarter growth numbers and the worst possible piece of news on a year in which the economy struggled to contain high inflation, a deep fiscal hole and a terribly weak currency.

Economic growth rose by a paltry 0.3 percent year-on-year between July and September - sharply below the 6.1 percent and 6.7 percent growth rates in the second and first quarters' respectively and the strong 7 percent expansion in the same period of 2012.

The sharp slowdown means the economy expanded by just 4.1 percent in the first nine months of 2013, compared to 8.7 percent in the same period of 2012 - putting at risk the GSS's provisional 7.4 percent estimate for 2013 and the target of 8 percent for 2014.

"The 0.3 percent was a bit of a shocker", said Dr. Abbey, adding that CEPA's full-year projection of 4.8 percent depends on a 6.1 percent expansion in the fourth quarter.

"There's a lot of work that needs to be done as the data show that we can't take for granted the utilities challenge in the first half of 2013, because there were reports of businesses shutting down. Looking down the road, we've got to fix this energy thing more decisively," he added.

The GSS said the notable areas with strong growth were electricity production, which expanded by 16.3 percent; hotel and restaurant activities, 10.4 percent; finance and insurance, 29.6 percent; public administration, 30.1 percent; and information and communication, 19.3 percent.

This saw the services sector grow overall by 6.7 percent in the third quarter, but still slower than the second and first quarters.

Concern over agriculture's performance is set to deepen after the sector contracted by 3.8 percent in the third quarter, on top of a 3.9 percent slump three months earlier.

Industry, which includes mining, oil production and manufacturing, fell by almost 12 percent in the period; the main contributor being declining gold production as the metal witnessed its biggest price drop since 1981.

Oil production, too, underperformed due to maintenance work at the Jubilee Field, Government Statistician Dr. Philomena Nyarko told journalists at a news conference in Accra on Wednesday.

Source:Myjoyonline