

Effects of Food Price Inflation on Household Final Consumption Expenditure in Burkina Faso

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Abstract: This research analyzes the effects of food price inflation on household final consumption expenditure in Burkina Faso, using annual data from 1995 to 2022 and an Autoregressive Distributed Lag (ARDL) model. Unlike previous studies employing general inflation, this study focuses specifically on food price inflation and incorporates previously omitted key agricultural variables to address potential omitted variable bias. The findings reveal a significant short-term reduction in household final consumption expenditure due to food price inflation. However, in the long run, households tend to increase their consumption expenditure despite inflationary pressures. The research recommends that policymakers strengthen food price and stock monitoring systems to anticipate shortages and price increases, thereby mitigating the adverse effects of food price inflation on household consumption.

Keywords: Food Price Inflation, Household Consumption Expenditure, ARDL Model

JEL Classification Number: E31, E21

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