



Republic of Ghana

# Newsletter Producer Price Index (PPI) December, 2013



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## Producer Price Inflation Rate Increased to 15.3% in December 2013

### The Producer Price Index

The Producer Price Index (PPI) measures the average change over time in the prices received by domestic producers for the production of their goods and services. The PPI for Ghana reports the producer price indices with reference to September 2006, the base period. This release shows the producer price changes since September 2006, as well as the annual (year-on-year) and monthly inflation rates, for all industry and three major sub-sectors of industry (Mining and Quarrying, Manufacturing, and Utilities) for the last twelve months. The figures for the month of December 2013 are provisional, and are subject to revision when additional data become available. All other indicators are final.

### December 2013 Producer Inflation

The Producer Price Inflation increased by 15.3 percent between December 2012 and December 2013 (year-on-year), representing an increase of 2.3 percentage points in producer inflation relative to the rate recorded in November 2013 (13.0%). The month-on-month change in producer prices between November 2013 and December 2013 was 1.6 percent (Table 1).

**Table 1: PPI for November 2013 and December 2013**

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
November, 2013	p 337.0	p 1.5	p 13.7
November, 2013 rev	335.1	0.9	13.0
<b>December, 2013</b>	<b>p 340.4</b>	<b>p 1.6</b>	<b>p 15.3</b>

P: Provisional

In December 2013, the producer price inflation in the Mining and Quarrying subsector increased by 1.7 percentage points over the November 2013 rate of -14.9 percent, to record -13.2 percent. Manufacturing, which constitutes more than two-thirds of total industry, increased by 2.9 percentage points to record 17.4 percent. The rate for the Utilities sub-sector rose slightly by 0.2 percentage points relative to November 2013 (40.8%) to record 41.0 percent in December 2013.

**Table 2: PPI and Inflation by Sector, December, 2013 (September 2006= 100)**

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	531.9	-0.9	-13.2
Manufacturing	291.4	2.5	17.4
Utilities	427.3	0.1	41.0
<b>ALL INDUSTRY</b>	<b>340.4</b>	<b>1.6</b>	<b>15.3</b>

The data in this table are provisional.

### Trends

During the 12-month period (December 2012 to December 2013), the highest year-on-year inflation rate of 17.1 percent for all industry was recorded in December 2012. The producer price inflation fluctuated from December 2012 until March 2013 when it declined continuously over a five-month period to record the lowest rate of 4.7 percent in August 2013. In September 2013, however, the rate

inched up to record 5.8 percent. Subsequently, the rate rose continuously to record 11.6 percent in October 2013, 13.0 percent in November 2013 and 15.3 percent in December 2013.

### Manufacturing Sector

During the month of December 2013, five out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 17.4 percent (Fig. 2). Manufacture of machinery and equipment n.e.c. recorded the highest inflation rate of 76.0 percent whilst producer prices in the manufacture of electrical machinery and apparatus n.e.c. recorded the lowest inflation rate of -5.5 percent over the one year period.

### Petroleum Price Index

The inflation rate in the petroleum sub-sector dropped from 16.4 percent in December 2012 to -1.3 percent in January 2013 but rose in March 2013. However, the inflation rate increased consistently to record 33.6 percent in September 2013 as a result of increases in the prices of petroleum products but decreased in October 2013 to record a rate of 30.0 percent. Following this, the rate increased consistently to record 35.7 percent in December 2013 (Fig.3).

### Highlights

The year-on-year producer inflation for all industry was 15.3 percent in December 2013; the monthly inflation rate was 1.6 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 41.0 percent, followed by the manufacturing sub-sector with 17.4 percent. The mining and quarrying sub-sector recorded an inflation rate of -13.2 percent.

The monthly changes in the producer price index indicated that manufacturing recorded a monthly inflation rate of 2.5 percent while utility recorded 0.1 percent. The Mining and quarrying sub-sector recorded the lowest rate (-0.9%).

