



Newsletter Producer Price Index (PPI) January, 2013



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Producer Price Inflation Decreased to 11.5% in January 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 January 2013 are provisional, and are subject to revision when additional data are available. All other indicators are final.

January 2013 Producer Inflation

The Producer Price Index increased by 11.5 percent between January 2012 and January 2013 (year-on-year), representing a decrease in producer inflation by 5.6 percentage points relative to the rate recorded in December 2012 (17.1%). The month-on-month change in producer prices between December 2012 and January 2013 was 0.2 percent (Table 1).

Table 1: PPI for December 2012 and January 2013

| Month | Index level | Change rate (%) | |
|---------------------------|---------------|-----------------|--------|
| | Sept 2006=100 | Monthly | Yearly |
| December, 2012 | p 295.3 | p -0.4 | p 17.1 |
| December, 2012 rev | 295.2 | -0.4 | 17.1 |
| January, 2013 | p 295.7 | p 0.2 | p 11.5 |

P: Provisional

In January 2013, the producer price inflation in the Mining and Quarrying subsector decreased by 8.4 percentage points over the December 2012 rate of 26.8 percent, to record 18.4 percent. Manufacturing, which constitutes more than two-thirds of total industry, declined to 12.8 percent, from a rate of 19.3 percent in December 2012. The rate for the Utilities sub-sector was 0.2 percentage point lower than that of December 2012. (Table 2).

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

| Sector | Index level | Change rate (%) | |
|---------------------|---------------|-----------------|-------------|
| | Sept 2006=100 | Monthly | Yearly |
| Mining & Quarrying | 617.2 | 0.7 | 18.4 |
| Manufacturing | 248.5 | 0.1 | 12.8 |
| Utilities | 303.2 | 0.0 | 1.2 |
| ALL INDUSTRY | 295.7 | 0.2 | 11.5 |

The data in this table are provisional

Trends

During the 12-month period (January 2012 to January 2013), the highest year-on-year inflation of 19.1 percent for all industry was recorded in June and October 2012 and the lowest in January 2013 (11.5%). From January to May 2012, the producer inflation fluctuated between 15.0 percent and 16.6 percent, and thereafter increased significantly in July 2012 to 19.0 percent but dropped to 17.8 percent in August 2012. It declined further in September 2012 by 1.0 percentage point but

increased to 19.1 percent in October 2012 and dropped subsequently in November 2012 to 15.8 percent. In December 2012, it increased to 17.1 percent but declined to 11.5 in January 2013.

Manufacturing Sector

During the month of January 2013, nine out of the sixteen major groups in the manufacturing subsector recorded inflation rates higher than the sector average of 12.8 percent (Fig. 2). Manufacture of textiles recorded the highest inflation rate (34.3%) whilst Manufacture of coke, refined petroleum products recorded a negative inflation rate (-1.3%).

Petroleum Price Index

During the last 12 months, the producer inflation in the petroleum sub-sector exhibited a downward trend. The highest inflation rate of 20.7 was recorded in January and March 2012 and the lowest (-1.3%) in January 2013 (Fig. 3).

Highlights

The year-on-year producer inflation for all industry was 11.5 percent in January 2013; the monthly inflation rate was 0.2 percent.

The Mining and quarrying sub-sector recorded the highest year-on-year producer inflation rate of 18.4 percent, followed by manufacturing (12.8%) and Utilities (1.2%).

The monthly changes in the producer price index indicated that mining and quarrying recorded an inflation rate of 0.7 percent, while manufacturing recorded a marginal increase of 0.1 percentage points. There was no change in the utilities sub-sector.

