



Republic of Ghana

Newsletter Producer Price Index (PPI) August, 2015



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Producer Price Inflation Rate in August 2015 is 4.4%

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 October 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 August 2015 are provisional, and are subject to revision when additional data become available. All other indicators are final.

August 2015 Producer Inflation

The Producer Price Inflation rate for August 2015 was 4.4 percent. This rate indicates that, between August 2014 and August 2015 (year-on-year), the PPI increased by 4.4 percent, representing a 5.8 percentage point decrease in producer inflation relative to the rate recorded in July 2015 (10.2%). The month-on-month change in producer price index between July and August 2015 was -3.4 percent (Table 1).

Table 1: PPI for July and August 2015

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
July, 2015	p 492.5	p -1.1	p 10.6
July, 2015 rev	490.4	-1.5	10.2
August, 2015	p 473.8	p -3.4	p 4.4

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector increased slightly by 0.2 percentage point over the July 2015 rate of 1.5 percent, to record 1.7 percent in August 2015. Manufacturing, which constitutes more than two-thirds of total industry decreased by 8.8 percentage points to record 4.1 percent. The Utilities sub-sector recorded an inflation rate of 8.4 percent in August 2015 indicating an increase of 1.1 percentage point over the July 2015 rate of 7.3 percent.

Table 2: PPI and Inflation by Sector, August, 2015 (September 2006= 100)

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	794.3	1.4	1.7
Manufacturing	401.7	-5.3	4.1
Utilities	578.7	0.4	8.4
ALL INDUSTRY	473.8	-3.4	4.4

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 4.4 percent for August 2015. From September 2014, the producer price inflation rate consistently declined to record 19.2 percent in March 2015. It inched up to record 19.5 percent in April, 2015 and then declined to 18.8 percent in May 2015. It however, increased again in June 2015 to

record 23.1 percent. The rate declined to 10.2 percent in July 2015 and subsequently declined to 4.4 percent in August 2015.

Manufacturing Sector

During the month of August 2015, twelve out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 4.1 percent (Fig. 2). Manufacture of paper and paper products recorded the highest inflation rate of 48.7 percent while the manufacture of coke, refined petroleum and nuclear recorded the lowest producer price inflation rate.

Petroleum Price Index

The inflation rate in the petroleum sub-sector was 68.6 percent in August 2014 and thereafter fluctuated until November, 2014 when it recorded a rate of 61.1 percent. Subsequently, the rate steadily declined to record -8.7 percent in March 2015 and -9.6 percent in May 2015 as a result of base drift effect and the decrease in ex-refinery prices of petroleum products. The rate however, increased in June 2015 to record -0.01 percent as a result of the increase in petroleum prices but decreased to -6.4 percent in July 2015 due to base drift effect. In August 2015, the rate declined to -28.0 percent due to the decrease in prices of petroleum products (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 4.4 percent in August 2015; the monthly change rate was -3.4 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 8.4 percent, followed by the manufacturing sub-sector with 4.1 percent. The mining and quarrying sub-sector recorded the lowest year-on-year inflation rate of 1.7 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded the highest inflation rate of 1.4 percent, followed by the utilities sub-sector with 0.4 percent. The manufacturing sub-sector recorded the lowest rate of -5.3 percent.

