



Newsletter Producer Price Index (PPI) December, 2016



Republic of Ghana

January 25, 2016

Producer Price Inflation Rate in December 2016 is 4.9%

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 annual (year-on-year) and monthly producer 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 2016 are provisional, and are subject to revision when additional data become available. All other indicators are final.

December 2016 Producer Inflation

The Producer Price Inflation rate for December 2016 was 4.9 percent. This rate indicates that, between December 2015 and December 2016 (year-on-year), the PPI increased by 4.9 percent. This rate represents a 7.0 percentage point decrease in producer inflation relative to the rate recorded in November 2016 (11.9%). The month-on-month change in producer price index between November and December 2016 was -0.6 percent (Table 1).

Table1: PPI for November and December 2016

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
November, 2016	p 531.7	p1.2	p 11.9
November, 2016 rev	531.7	1.2	11.9
December, 2016	p 528.6	p-0.6	p 4.9

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector decreased by 3.8 percentage points over the November 2016 rate of 19.4 percent to record 15.6 percent in December 2016. The producer inflation for Manufacturing, which constitutes more than two-thirds of total industry, increased by 0.6 percentage points to record 5.5 percent. The Utilities sub-sector recorded an inflation rate of -7.0 percent in December 2016 indicating a decrease of 45.3 percentage point over the November 2016 rate.

Table 2: PPI and Inflation by Sector, December 2016 (September 2006= 100)

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	923.5	-4.5	15.6
Manufacturing	422.7	0.2	5.5
Utilities	794.2	0.2	-7.0
ALL INDUSTRY	528.6	-0.6	4.9

The data in this table are provisional.

Trends

In December 2015, the producer price inflation rate for all industry was 11.0 percent. The rate increased to 16.3 percent in January 2016. In February 2016, the rate decreased to 14.5 percent and continued its downward trend to record 11.2 percent in April 2016. In June 2016, it dropped further to 7.6 percent but increased to 10.4 percent in July, 2016 and then

to 11.1 percent in August 2016. The rate declined in September 2016 to record 9.7 percent but increased marginally to 9.8 percent in October 2016. It increased further to 11.9 percent in November 2016 but declined to 4.9 percent in December 2016.

Manufacturing Sector

During the month of December 2016, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 5.5 percent. Manufacture of paper and paper products recorded the highest inflation rate of 60.9 percent while manufacturing of coke, refined petroleum products recorded the lowest producer price inflation rate of -0.1% (Fig. 2).

Petroleum Price Index

The producer inflation rate in the petroleum sub-sector was -21.8 percent in December 2015. The rate rose to record 3.3 percent in January 2016. In February 2016, it declined to 0.5 percent but increased to record 2.9 percent in March 2016 as a result of the base drift effect. The rate increased again to 6.5 percent in April 2016 but declined slightly to 6.1 percent in May 2016. In June 2016, the rate decreased to record -4.7 percent and then to -19.3 percent in July 2016. The rate increased to -16.3 percent in August 2016, and further to -14.8 percent in September 2016, and -7.4 percent in October 2016. In November 2016, it increased to record -0.2 percent and then to -0.1 percent in December 2016 (Fig 3).

Highlights

The year-on-year producer inflation for all industry was 4.9 percent in December 2016; the monthly change rate was -0.6 percent.

The Mining and Quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 15.6 percent, followed by the Manufacturing sub-sector with 5.5 percent. The Utilities sub-sector recorded the lowest year-on-year producer inflation rate of -7.0 percent.

With respect to the monthly changes, the Manufacturing and Utilities sub-sectors recorded rate of 0.2 percent each. The Mining and Quarrying sub-sector recorded the lowest rate of -4.5 percent.

