



Republic of Ghana

# Newsletter Producer Price Index (PPI) December, 2015



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## Producer Price Inflation Rate in December 2015 is 10.5%

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

### December 2015 Producer Inflation

The Producer Price Inflation rate for December 2015 was 10.5 percent. This rate indicates that, between December 2014 and December 2015 (year-on-year), the PPI increased by 10.5 percent, representing a 7.5 percentage point increase in producer inflation relative to the rate recorded in November 2015 (3.0 %). The month-on-month change in producer price index between November and December 2015 was 6.2 percent (Table 1).

**Table1: PPI for November and December 2015**

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
November, 2015	p <b>475.1</b>	p -0.7	p 3.0
November, 2015 rev	<b>475.1</b>	-0.7	3.0
<b>December, 2015</b>	<b>p 504.5</b>	<b>p 6.2</b>	<b>p 10.5</b>

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector decreased by 2.5 percentage points over the November 2015 rate of 7.3 percent, to record 4.8 percent in December 2015. Manufacturing, which constitutes more than two-thirds of total industry increased by 1.8 percentage points to record 3.5 percent. The Utilities sub-sector recorded an inflation rate of 56.6 percent in December 2015, indicating a substantial increase of 51.3 percentage points over the November 2015 rate of 5.3 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	798.6	-1.4	4.8
Manufacturing	401.2	-0.3	3.5
Utilities	853.6	48.8	56.6
<b>ALL INDUSTRY</b>	<b>504.5</b>	<b>6.2</b>	<b>10.5</b>

The data in this table are provisional.

### Trends

The year-on-year inflation in ex-factory prices of goods and services was 10.5 percent for December 2015. From December 2014, the producer price inflation rate consistently declined to record 19.2 percent in March 2015. It inched up to 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 consistently from 10.2 percent in July 2015 to 2.9 percent in October 2015. However, it inched up slightly to record 3.0 percent in November 2015. In December 2015, the rate increased substantially to record 10.5 percent.

## Manufacturing Sector

During the month of December 2015, twelve out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 3.5 percent (Fig. 2). Manufacture of paper and paper products recorded the highest inflation rate of 71.2 percent while the manufacture of coke, refined petroleum and nuclear fuel recorded the lowest producer price inflation rate (-21.8%).

## Petroleum Price Index

The inflation rate in the petroleum sub-sector was 30.9 percent in December 2014 but declined consistently to record -9.6 percent in May 2015 due a to combined effect of base drift and decrease in ex-refinery prices of petroleum products. In August 2015, the rate further declined to -28.0 percent as result of decreases in the price of petroleum products and further decreased to -34.5 percent in October 2015. It however increased slightly in November 2015 to record -33.6 percent. In December 2015, the rate improved to -21.8 percent (Fig.3).

## Highlights

The year-on-year producer inflation for all industry was 10.5 percent in December 2015; the monthly change rate was 6.2 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 56.6 percent, followed by the mining and quarrying sub-sector with 4.8 percent. The manufacturing sub-sector recorded the lowest year-on-year inflation rate of 3.5 percent.

The monthly changes in the producer price index indicated that utilities recorded the highest inflation rate of 48.8 percent, followed by the manufacturing sub-sector with -0.3 percent. The mining and quarrying sub-sector recorded the lowest rate of -1.4 percent.

