



Republic of Ghana

Newsletter Producer Price Index (PPI) February, 2016



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Producer Price Inflation Rate in February 2016 is 14.5%

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 February 2016 are provisional, and are subject to revision when additional data become available. All other indicators are final.

February 2016 Producer Inflation

The Producer Price Inflation rate for February 2016 was 14.5 percent. This rate indicates that, between February 2015 and February 2016 (year-on-year), the PPI increased by 14.5 percent. This rate represents a 2.4 percentage point decrease in producer inflation relative to the rate recorded in January 2016 (16.9 %). There was no change in producer price index between the months of January and February 2016 (Table 1).

Table1: PPI for January and February 2016

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
January, 2016	p 520.6	p 3.3	p 16.3
January, 2016 rev	523.1	3.8	16.9
February, 2016	p 523.1	p 0.0	p 14.5

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector increased by 5.7 percentage points over the January 2016 rate of 2.9 percent, to record 8.6 percent in February 2016. Manufacturing, which constitutes more than two-thirds of total industry decreased by 2.3 percentage points to record 9.8 percent. The Utilities sub-sector recorded an inflation rate of 43.9 percent in February 2016 indicating a decrease of 12.7 percentage points over the January 2015 rate of 56.6 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	881.1	7.8	8.6
Manufacturing	421.7	0.2	9.8
Utilities	786.3	-7.9	43.9
ALL INDUSTRY	523.1	0.0	14.5

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 14.5 percent for February 2016. From February 2015, the producer price inflation rate consistently declined to record 19.2 percent in March 2015. Subsequently the rate fluctuated to record 23.1 percent in June 2015. The

rate declined consistently from 10.2 percent in July 2015 to 2.9 percent in October 2015. However, it increased consistently to record 11.0 percent in December 2015. In January 2016, the rate increased to record 16.3 percent but declined in February 2016 to 14.5 percent.

Manufacturing Sector

During the month of February 2016, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 9.8 percent (Fig. 2). Manufacture of paper and paper products recorded the highest inflation rate of 42.9 percent while the manufacture of basic metals recorded the lowest producer price inflation rate (-3.2%).

Petroleum Price Index

The inflation rate in the petroleum sub-sector was -0.5 percent in February 2015. Subsequently, the rate consistently declined to record -9.6 percent in May 2015 due to the combined effect of base drift and decrease in ex-refinery prices of petroleum products. In August 2015, it further declined to -28.0 percent, and then to -34.5 percent in October, 2015 as a result of decreases in the price of petroleum products. It, however, increased to -21.8 percent in December 2015 and rose further to record 3.3 percent in January 2016. It then declined to 0.5 percent in February 2016 as a result of decreases in the price of petroleum products (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 14.5 percent in February 2016; the monthly change rate was 0.0 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 43.9 percent, followed by the manufacturing sub-sector with 9.8 percent. The mining and quarrying sub-sector recorded the lowest year-on-year inflation rate of 8.6 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded the highest monthly change rate of 7.8 percent, followed by the manufacturing sub-sector with 0.2 percent. The utilities sub-sector recorded the lowest inflation rate of -7.9 percent.

