



# Newsletter Producer Price Index (PPI) July, 2016



Republic of Ghana

August 24, 2016

## Producer Price Inflation Rate in July 2016 is 10.3%

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

### July 2016 Producer Inflation

The Producer Price Inflation rate for July 2016 was 10.3 percent. This rate indicates that, between July 2015 and July 2016 (year-on-year), the PPI increased by 10.3 percent. This rate represents a 2.7 percentage point increase in producer inflation relative to the rate recorded in June 2016 (7.6%). The month-on-month change in producer price index between June and July 2016 was 0.9 percent (Table 1).

**Table1: PPI for June and July 2016**

| Month             | Index level    | Change rate (%) |               |
|-------------------|----------------|-----------------|---------------|
|                   | Sept 2006=100  | Monthly         | Yearly        |
| June, 2016        | p 536.1        | p 1.2           | p 7.6         |
| June, 2016 rev    | 536.1          | 1.2             | 7.6           |
| <b>July, 2016</b> | <b>p 540.8</b> | <b>p 0.9</b>    | <b>p 10.3</b> |

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector increased by 30.3 percentage points over the June 2016 rate of 0.1 percent, to record 30.4 percent in July 2016. The producer inflation for Manufacturing, which constitutes more than two-thirds of total industry, decreased by 2.7 percentage points to record 1.0 percent. The Utilities sub-sector recorded an inflation rate of 36.6 percent in July 2016 indicating a slight increase of 0.1 percentage point over the June 2016 rate of 36.5 percent.

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

| Sector              | Index level   | Change rate (%) |             |
|---------------------|---------------|-----------------|-------------|
|                     | Sept 2006=100 | Monthly         | Yearly      |
| Mining & Quarrying  | 1,020.8       | 6.4             | 30.4        |
| Manufacturing       | 428.6         | -0.2            | 1.0         |
| Utilities           | 786.7         | 0.1             | 36.6        |
| <b>ALL INDUSTRY</b> | <b>540.8</b>  | <b>0.9</b>      | <b>10.3</b> |

The data in this table are provisional.

### Trends

The year-on-year inflation in ex-factory prices of goods and services was 10.3 percent for July 2016. The rate recorded in July 2015 was 10.2 percent. Subsequently, the rate declined to record 2.9 percent in October 2015. However, it inched up slightly to record 3.0 percent in November 2015, and then increased to 11.0 percent in December 2015 and to 16.3 percent in January 2016. The rate decreased to

14.5 percent in February 2016 and continued its downward trend to record 11.2 percent in April 2016. In May 2016, it dropped further to 11.0 percent and then to 7.6 percent in June 2016, but increased again to 10.3 percent in July, 2016.

## Manufacturing Sector

During the month of July 2016, thirteen out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 1.0 percent (Fig. 2). Tanning and dressing of leather recorded the highest inflation rate of 39.4 percent, while manufacturing of coke, refined petroleum products and nuclear fuel recorded the lowest producer price inflation rate of -19.3%.

## Petroleum Price Index

The inflation rate in the petroleum sub-sector was -6.4 percent in July 2015. Subsequently, the rate declined to record -34.5 percent in October 2015. 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 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 as a result of the base drift effect (Fig.3).

## Highlights

The year-on-year producer inflation for all industry was 10.3 percent in July 2016; the monthly change rate was 0.9 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 36.6 percent, followed by the mining and quarrying sub-sector with 30.4 percent. The manufacturing sub-sector recorded the lowest year-on-year inflation rate of 1.0 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded the highest monthly change rate of 6.4 percent, followed by the utilities sub-sector with 0.1 percent. The manufacturing sub-sector recorded the lowest inflation rate of -0.2 percent.

