



Republic of Ghana

Newsletter Producer Price Index (PPI) January, 2016



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Producer Price Inflation Rate in January 2016 is 16.3%

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

January 2016 Producer Inflation

The Producer Price Inflation rate for January 2016 was 16.3 percent. This rate indicates that, between January 2015 and January 2016 (year-on-year), the PPI increased by 16.3 percent, representing a 5.3 percentage point increase in producer inflation relative to the rate recorded in December 2015 (11.0 %). The month-on-month change in producer price index between December and January 2016 was 3.3 percent (Table 1).

Table1: PPI for December and January 2016

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
December, 2015	p 504.5	p 6.2	p 10.5
December, 2015 rev	503.9	6.1	11.0
January, 2016	p 520.6	p 3.3	p 16.3

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector decreased by 1.9 percentage points over the December 2015 rate of 4.8 percent, to record 2.9 percent in January 2016. Manufacturing, which constitutes more than two-thirds of total industry increased by 7.7 percentage points to record 11.4 percent. The Utilities sub-sector recorded an inflation rate of 56.6 percent in January 2016 and remained unchanged over the December 2015 rate.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	817.1	2.3	2.9
Manufacturing	418.1	4.3	11.4
Utilities	853.7	0.0	56.6
ALL INDUSTRY	520.6	3.3	16.3

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 16.3 percent for January 2016. From January 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.

Manufacturing Sector

During the month of January 2016, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 11.4 percent (Fig. 2). Manufacture of chemicals and chemical products recorded the highest inflation rate of 39.4 percent while the manufacture of basic metals recorded the lowest producer price inflation rate (-2.3%).

Petroleum Price Index

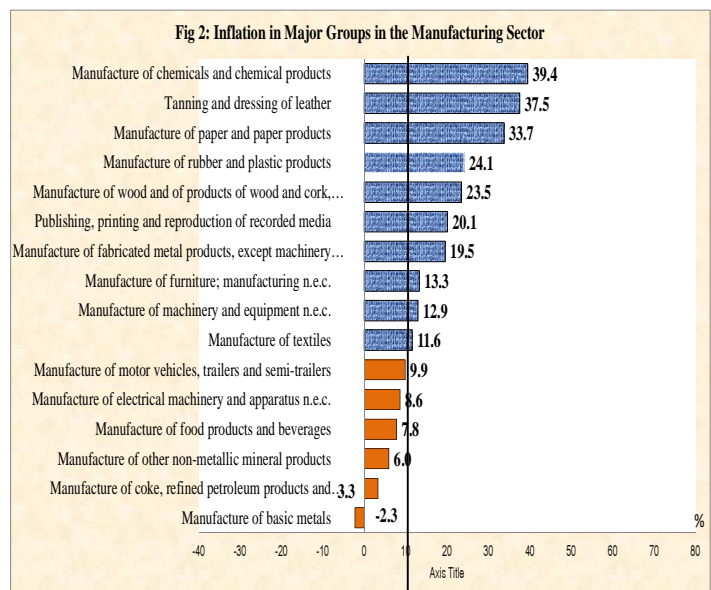
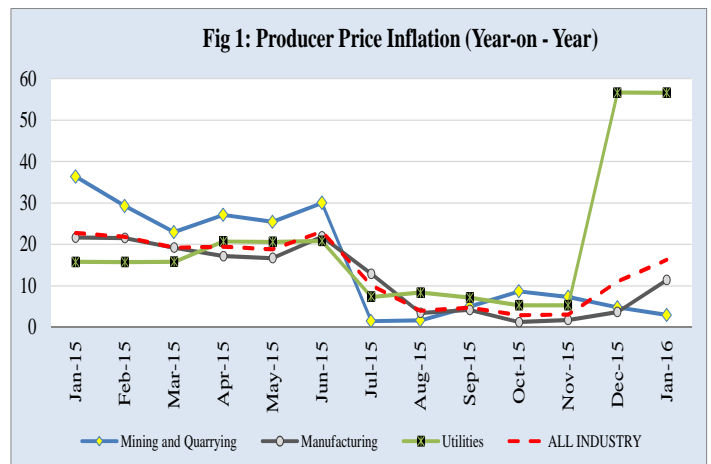
The inflation rate in the petroleum sub-sector was 4.3 percent in January 2015. Subsequently, the rate consistently declined to record -9.6 percent in May 2015 due to the combined effect of base drift and decrease in ex-refinery prices of petroleum products. In August 2015, the rate further declined 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. In January 2016, the rate rose sharply to record 3.3 percent as a result of increases in the price of petroleum products (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 16.3 percent in January 2016; the monthly change rate was 3.3 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 56.6 percent, followed by the manufacturing sub-sector with 11.4 percent. The mining and quarrying sub-sector recorded the lowest year-on-year inflation rate of 2.9 percent.

The monthly changes in the producer price index indicated that manufacturing recorded the highest monthly change rate of 4.3 percent, followed by the mining and quarrying sub-sector with 2.3 percent. The index for the utilities sub-sector remained unchanged.



11.4%

