



Newsletter Producer Price Index (PPI) September, 2016



Republic of Ghana

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Producer Price Inflation Rate in September 2016 is 9.7%

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

September 2016 Producer Inflation

The Producer Price Inflation rate for September 2016 was 9.7 percent. This rate indicates that, between September 2015 and September 2016 (year-on-year), the PPI increased by 9.7 percent. This rate represents a 1.4 percentage point decrease in producer inflation relative to the rate recorded in August 2016 (11.1%). The month-on-month change in producer price index between August and September 2016 was 0.8 percent (Table 1).

Table 1: PPI for August and September 2016

| Month | Index level | Change rate (%) | |
|------------------------|----------------|-----------------|--------------|
| | Sept 2006=100 | Monthly | Yearly |
| August, 2016 | p 523.8 | p -3.3 | p 11.1 |
| August, 2016 rev | 523.8 | -3.3 | 11.1 |
| September, 2016 | p 527.9 | p 0.8 | p 9.7 |

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector decreased by 6.2 percentage points over the August 2016 rate of 28.4 percent to record 22.2 percent in September 2016. The producer inflation for Manufacturing, which constitutes more than two-thirds of total industry, decreased by 1.2 percentage points to record 1.3 percent. The Utilities sub-sector recorded an inflation rate of 38.2 percent in September 2016 indicating an increase of 2.2 percentage points over the August 2016 rate of 36.0 percent.

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

| Sector | Index level | Change rate (%) | |
|---------------------|---------------|-----------------|------------|
| | Sept 2006=100 | Monthly | Yearly |
| Mining & Quarrying | 1,023.4 | 0.4 | 22.2 |
| Manufacturing | 412.7 | 0.9 | 1.3 |
| Utilities | 792.5 | 0.7 | 38.2 |
| ALL INDUSTRY | 527.9 | 0.8 | 9.7 |

The data in this table are provisional.

Trends

In September 2015, the producer price inflation rate for all industry recorded 4.8 percent but declined to record 2.9 percent in October 2015. In November 2015, it inched up slightly to record 3.0 percent and then increased further to 11.0 percent in December 2015 and 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.

Manufacturing Sector

During the month of September 2016, thirteen out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 1.3 percent. Manufacture of wood and of products of wood and cork recorded the highest inflation rate of 58.1 percent while manufacturing of coke, refined petroleum products and nuclear fuel recorded the lowest producer price inflation rate of -14.8% (Fig. 2).

Petroleum Price Index

The inflation rate in the petroleum sub-sector was -27.9 percent in September 2015. 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. 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 but increased to -16.3 percent in August 2016, and further to -14.8 percent in September 2016 (Fig 3).

Highlights

The year-on-year producer inflation for all industry was 9.7 percent in September 2016; the monthly change rate was 0.8 percent.

The Utilities sub-sector recorded the highest year-on-year producer price inflation rate of 38.2 percent, followed by the Mining and Quarrying sub-sector with 22.2 percent. The Manufacturing sub-sector recorded the lowest year-on-year inflation rate of 1.3 percent.

With respect to the monthly changes, the Manufacturing sub-sector recorded the highest rate of 0.9 percent followed by the Utilities sub-sector with 0.7 percent. The Mining and Quarrying sub-sector recorded the lowest rate of 0.4 percent.

