



Republic of Ghana

Newsletter Producer Price Index (PPI) August, 2014



Ghana Statistical Service
P.O. Box GP 1098
Accra

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Producer Price Inflation Rate Increased to 48.3% in August 2014

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 September 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 August 2014 are provisional, and are subject to revision when additional data become available. All other indicators are final.

August 2014 Producer Inflation

The Producer Price Inflation rate for August 2014 was 48.3 percent. This rate indicates that, between August 2013 and August 2014 (year-on-year), the PPI increased by 48.3 percent, representing a 1.1 percentage point increase in producer inflation relative to the rate recorded in July 2014 (47.2%). The month-on-month change in producer price index between July 2014 and August 2014 was 1.7 percent (Table 1).

Table 1: PPI for July 2014 and August 2014

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
July 2014	p 445.7	p 10.2	p 47.4
July, 2014 rev	445.2	10.0	47.2
August, 2014	p 452.9	p 1.7	p 48.3

P: Provisional

In August 2014, the producer price inflation in the Mining and Quarrying sub-sector decreased by -0.23 percentage points over the July 2014 rate of 50.9 percent, to record 50.7 percent in August 2014. Manufacturing, which constitutes more than two-thirds of total industry, increased by 1.75 percentage points to record 41.9 percent. The rate for the Utilities sub-sector decreased by 75.8 percent in August 2014, suggesting -0.92 percentage point decrease over the July 2014 rate.

Table 2: PPI and Inflation by Sector, August, 2014 (September 2006= 100)

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	781.4	1.3	50.7
Manufacturing	384.8	2.4	41.9
Utilities	534.1	-0.5	75.8
ALL INDUSTRY	452.9	1.7	48.3

The data in this table are provisional.

Trends

During the 12-month period (August 2013 to August 2014), the highest year-on-year inflation rate of 48.3 percent for all industry was recorded in August 2014. Between August and September 2013, the rate declined continuously to record the lowest rate of 4.7 percent in August 2013. In September 2013, however, the rate inched up to record 5.8 percent. Subsequently, the producer price

inflation rate increased consistently over the last eleven months to record 48.3 percent in August 2014. This rate is the highest since January 2010.

Manufacturing Sector

During the month of August 2014, four out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 41.9 percent (Fig. 2). Manufacture of coke, refined petroleum and nuclear fuel recorded the highest inflation rate of 68.6 percent whilst producer prices in the manufacture of machinery and equipment n.e.c recorded the lowest producer price inflation rate.

Petroleum Price Index

From August 2013, the inflation rate in the petroleum sub-sector increased consistently to record 33.6 percent in September 2013. The rate fluctuated between October and December 2013, after which it increased to record 56.1 percent in February 2014. The rate then declined to record 44.7 percent in March 2014 but started rising in April 2014 to record 48.2 percent May 2014. In June, 2014 however, the rate declined to record 44.7 percent as a result of the base drift effect from the increase in the prices of petroleum products in June 2013. In July 2014, however the rate increased to record 77.3 percent as a result of increases in petroleum prices. The rate declined to record 68.6 percent in August 2014 (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 48.3 percent in August 2014; the monthly inflation rate was 1.7 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 75.8 percent, followed by the mining and quarrying sub-sector with 50.7 percent. The manufacturing sub-sector recorded an inflation rate of 41.9 percent.

The monthly changes in the producer price index indicated that manufacturing recorded a monthly inflation rate of 2.4 percent while mining and quarrying recorded 1.3 percent. The utility sub-

sector recorded the lowest monthly rate of -0.5 percent.

