



Republic of Ghana

Newsletter Producer Price Index (PPI) February, 2014



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Producer Price Inflation Rate Increased to 27.1% in February 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 February 2014 are provisional, and are subject to revision when additional data become available. All other indicators are final.

February 2014 Producer Inflation

The Producer Price Inflation rate for February 2014 was 27.1 percent. This rate indicates that, between February 2013 and February 2014 (year-on-year), the PPI changed by 27.1 percent, representing an increase of 3.8 percentage points in producer inflation relative to the rate recorded in January 2014 (23.3%). The month-on-month change in producer prices between January 2014 and February 2014 was 2.9 percent (Table 1).

Table 1: PPI for January 2014 and February 2014

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
January, 2014	p 364.7	p 7.2	p 23.3
January, 2014 rev	364.6	7.1	23.3
February, 2014	p 375.0	p 2.9	p 27.1

P: Provisional

In February 2014, the producer price inflation in the Mining and Quarrying subsector increased by 8.9 percentage points over the January 2014 rate of -5.8 percent, to record 3.1 percent. Manufacturing, which constitutes more than two-thirds of total industry, increased by 3.0 percentage points to record 27.2 percent. The rate for the Utilities sub-sectors increased marginally to record 55.7 percent in February 2014.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	627.7	7.9	3.1
Manufacturing	315.9	2.4	27.2
Utilities	472.1	0.3	55.7
ALL INDUSTRY	375.0	2.9	27.1

The data in this table are provisional.

Trends

During the 12-month period (February 2013 to February 2014), the highest year-on-year inflation rate of 27.1 percent for all industry was recorded in February 2014. Between April and August 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 has increased consistently over the last five

months to record 27.1 percent in February 2014; this rate is the highest in four years (since January 2010).

Manufacturing Sector

During the month of February 2014, five out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 27.2 percent (Fig. 2). Manufacture of machinery and equipment n.e.c. recorded the highest inflation rate of 76.0 percent whilst producer prices in the manufacture of electrical machinery and apparatus n.e.c. recorded the lowest inflation rate of -0.8 percent over the one year period.

Petroleum Price Index

From March 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 consistently to record 56.1 percent in February 2014 (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 27.1 percent in February 2014; the monthly inflation rate was 2.9 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 55.7 percent, followed by the manufacturing sub-sector with 27.2 percent. The mining and quarrying sub-sector recorded an inflation rate of 3.1 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded a monthly inflation rate of 7.9 percent while manufacturing recorded 2.4 percent. The utilities sub-sector recorded the lowest monthly rate (0.3%).

