



Republic of Ghana

# Newsletter Producer Price Index (PPI) June, 2014



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## Producer Price Inflation Rate Increased to 33.1% in June 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 June 2014 are provisional, and are subject to revision when additional data become available. All other indicators are final.

### June 2014 Producer Inflation

The Producer Price Inflation rate for June 2014 was 33.1 percent. This rate indicates that, between June 2013 and June 2014 (year-on-year), the PPI increased by 33.1 percent, representing a 0.1 percentage point increase in producer inflation relative to the rate recorded in May 2014 (33.0%). The month-on-month change in producer price index between May 2014 and June 2014 was 0.7 percent (Table 1).

**Table 1: PPI for May 2014 and June 2014**

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
May 2014	p 401.8	p 1.3	p 33.1
May, 2014 rev	401.7	1.3	33.0
<b>June, 2014</b>	<b>p 404.5</b>	<b>p 0.7</b>	<b>p 33.1</b>

P: Provisional

In June 2014, the producer price inflation in the Mining and Quarrying sub-sector increased by 2.1 percentage points over the May 2014 rate of 35.2 percent, to record 37.3 percent in June 2014. Manufacturing, which constitutes more than two-thirds of total industry, declined by 0.4 percentage points to record 27.1 percent. The rate for the Utilities sub-sectors increased by 56.9 percent in June 2014, suggesting a 0.1 percentage point increase over the May 2014 rate.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	737.1	0.7	37.3
Manufacturing	339.6	0.8	27.1
Utilities	476.5	0.2	56.9
<b>ALL INDUSTRY</b>	<b>404.5</b>	<b>0.7</b>	<b>33.1</b>

The data in this table are provisional.

### Trends

During the 12-month period (June 2013 to June 2014), the highest year-on-year inflation rate of 33.1 percent for all industry was recorded in June 2014. Between June 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 eight months to record 33.1 percent in June 2014. This rate is the highest since January 2010.

### Manufacturing Sector

During the month of June 2014, five out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 27.1 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 wood and wood products except furniture; manufacture of articles of straw and plaiting materials recorded the lowest producer price inflation rate of 2.3 percent over the one-year period.

### Petroleum Price Index

From June 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, the rate declined to record 44.7 percent as a result of the basis drift effect from the increase in the prices of petroleum products in June 2013 (Fig.3).

### Highlights

The year-on-year producer inflation for all industry was 33.1 percent in June 2014; the monthly inflation rate was 0.7 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 56.9 percent, followed by the mining and quarrying sub-sector with 37.3 percent. The manufacturing sub-sector recorded an inflation rate of 27.1 percent.

The monthly changes in the producer price index indicated that manufacturing recorded a monthly inflation rate of 0.8 percent while mining and quarrying recorded 0.7 percent. The utilities sub-sector recorded the lowest monthly rate of 0.2 percent.

