



Republic of Ghana

Newsletter Producer Price Index (PPI) March, 2015



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Producer Price Inflation Rate decreased to 19.1% in March, 2015

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 March 2015 are provisional, and are subject to revision when additional data become available. All other indicators are final.

March 2015 Producer Inflation

The Producer Price Inflation rate for March 2015 was 19.1 percent. This rate indicates that, between March 2014 and March 2015 (year-on-year), the PPI increased by 19.1 percent, representing a 2.7 percentage point decrease in producer inflation relative to the rate recorded in February 2015 (21.8%). The month-on-month change in producer price index between February and March 2015 was 0.8 percent (Table 1).

Table1: PPI for February and March 2015

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
February, 2015	p 456.9	p 1.4	p 21.8
February, 2015 rev	456.8	1.4	21.8
March, 2015	p 460.5	p 0.8	p 19.1

p: Provisional

In March 2015, the producer price inflation in the Mining and Quarrying sub-sector decreased by 6.3 percentage points over the February 2015 rate of 29.3 percent, to record 23.0 percent in March 2015. Manufacturing, which constitutes more than two-thirds of total industry, also decreased by 2.5 percentage points to record 19.0 percent. The Utilities sub-sector recorded an inflation rate of 15.8 percent in March 2015, suggesting 0.1 percentage point increase over the February 2015 rate of 15.7 percent.

Table 2: PPI and Inflation by Sector, March, 2015 (September 2006= 100)

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	837.4	3.2	23.0
Manufacturing	385.4	0.4	19.0
Utilities	548.1	0.3	15.8
ALL INDUSTRY	460.5	0.8	19.1

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 19.1 percent for March 2015. From March 2014, the producer price inflation began an upward trend and increased consistently over five months to record 48.6 percent in August 2014.

However, the rate has consistently declined since then to record 19.1 percent in March 2015.

Manufacturing Sector

During the month of March 2015, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 19.0 percent (Fig. 2).

Manufacture of basic metals recorded the highest inflation rate of 57.3 percent while the manufacture of coke and refined petroleum products recorded the lowest producer price inflation rate of -8.7 percent.

Petroleum Price Index

The inflation rate in the petroleum sub-sector was 44.7 percent in March 2014. The rate started rising in April 2014 to record 48.2 percent in May 2014. Thereafter, the rate fluctuated until November, 2014 to record 61.1 percent. Since then, the rate has consistently declined to record -8.7 percent in March 2015 as a result of base drift effect and decrease in ex-refinery prices. (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 19.1 percent in March 2015; the monthly inflation rate was 0.8 percent.

The mining and quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 23.0 percent, followed by the manufacturing sub-sector with 19.0 percent. The utilities sub-sector recorded an inflation rate of 15.8 percent.

The monthly changes in the producer price index indicated that the mining and quarrying sub-sector recorded the highest monthly inflation rate of 3.2 percent while manufacturing recorded 0.4 percent. The utilities sub-sector recorded the lowest monthly rate of 0.3 percent.

