



Republic of Ghana

Newsletter Producer Price Index (PPI) December, 2014



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Producer Price Inflation Rate decreased to 34.2% in December 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 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 December 2014 are provisional, and are subject to revision when additional data become available. All other indicators are final.

December 2014 Producer Inflation

The Producer Price Inflation rate for December 2014 was 34.2 percent. This rate indicates that, between December 2013 and December 2014 (year-on-year), the PPI increased by 34.2 percent, representing a 3.4 percentage point decrease in producer inflation relative to the rate recorded in November 2014 (37.6%). The month-on-month change in producer price index between November 2014 and December 2014 was -1.0 percent (Table 1).

Table 1: PPI for November and December 2014

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
November 2014	p 460.7	p -1.0	p 37.5
November, 2014 rev	461.1	-0.9	37.6
December, 2014	p 456.6	p -1.0	p 34.2

P: Provisional

In December 2014, the producer price inflation in the Mining and Quarrying sub-sector increased by 2.7 percentage points over the November 2014 rate of 40.6 percent, to record 43.3 percent in December 2014. Manufacturing, which constitutes more than two-thirds of total industry, also decreased by 6.1 percentage points to record 33.1 percent. The Utilities sub-sector recorded an inflation rate of 27.5 percent in December 2014, suggesting a 0.1 percentage point marginal decrease over the November 2014 rate of 27.6 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	762.1	0.9	43.3
Manufacturing	387.7	-2.0	33.1
Utilities	545.0	0.1	27.5
ALL INDUSTRY	456.6	-1.0	34.2

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 34.2 percent for December 2014. From December 2013, producer price inflation began an upward trend and increased consistently over nine months to record 48.6 percent in August

2014. However, the rate decreased to 47.0 percent in September 2014 and to 40.1 percent in October 2014. The rate declined to record 37.5 percent in November 2014. It further decreased to 34.2 percent in December 2014.

Manufacturing Sector

During the month of December 2014, five out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 33.1 percent (Fig. 2). Manufacture of other non-metallic mineral products recorded the highest inflation rate of 71.5 percent while producer prices in the manufacture of machinery and equipment n.e.c recorded the lowest producer price inflation rate.

Petroleum Price Index

The inflation rate in the petroleum sub-sector increased consistently from December 2013 to record 56.1 percent in February 2014 but declined in March to record 44.7 percent. The rate started rising in April 2014 to record 48.2 percent in May 2014. Thereafter, the rate fluctuated until it peaked in July 2014 with 77.3 percent due to the base drift effect. The rate then declined to record 59.5 percent in September 2014. In October, 2014, the rate increased to 63.7 percent but declined in November, 2014 to record 61.1 percent as a result of reduction in prices of petroleum products. The rate declined further to 30.9 percent in December, 2014 as a result of decrease in ex-refinery prices of petroleum products (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 34.2 percent in December 2014; the monthly inflation rate was -1.0 percent.

The mining and quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 43.3 percent, followed by the manufacturing sub-sector with 33.1 percent. The utilities sub-sector recorded an inflation rate of 27.5 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded inflation rate of 0.9 percent while utilities recorded 0.1 percent. The manufacturing sub-sector recorded the lowest monthly rate of -2.0 percent.

