



Republic of Ghana

Newsletter Producer Price Index (PPI) June, 2015



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Producer Price Inflation Rate Increased to 23.1% in June, 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 June 2015 are provisional, and are subject to revision when additional data become available. All other indicators are final.

June 2015 Producer Inflation

The Producer Price Inflation rate for June 2015 was 23.1 percent. This rate indicates that, between June 2014 and June 2015 (year-on-year), the PPI increased by 23.1 percent, representing a 4.3 percentage point increase in producer inflation relative to the rate recorded in May 2015 (18.8%). The month-on-month change in producer price index between May and June 2015 was 4.4 percent (Table 1).

Table1: PPI for May and June 2015

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
May, 2015	p 477.8	p 0.8	p 19.0
May, 2015 rev	477.2	0.7	18.8
June, 2015	p 498.0	p 4.4	p 23.1

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector increased by 4.6 percentage points over the May 2015 rate of 25.4 percent, to record 30.0 percent in June 2015. Manufacturing, which constitutes more than two-thirds of total industry increased by 5.2 percentage points to record 21.9 percent. The Utilities sub-sector recorded an inflation rate of 20.8 percent in June 2015 indicating a marginal increase of 0.2 percentage point over the May 2015 rate of 20.6 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	958.2	4.4	30.0
Manufacturing	413.8	5.3	21.9
Utilities	575.7	0.4	20.8
ALL INDUSTRY	498.0	4.4	23.1

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 23.1 percent for June 2015. From June 2014, the producer price inflation began an upward trend and increased consistently over three months to record 48.6 percent in August 2014. However, the rate consistently declined to record 19.2 percent in March 2015. It inched up to record

19.5 percent in April, 2015 and then declined to 18.8 percent in May 2015. It however, increased again in June 2015 to record 23.1 percent.

Manufacturing Sector

During the month of June 2015, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 21.9 percent (Fig. 2). Manufacture of rubber and plastic products recorded the highest inflation rate of 58.7 percent while the manufacture of coke, and refined petroleum products recorded the lowest producer price inflation rate.

Petroleum Price Index

The inflation rate in the petroleum sub-sector was 44.7 percent in June 2014. It reached a peak of 77.3 percent in July 2014 and thereafter fluctuated until November, 2014 when it recorded a rate of 61.1 percent. Subsequently, the rate steadily declined to record -8.7 percent in March 2015 and -9.6 percent in May 2015 as a result of base drift effect and the decrease in ex-refinery prices of petroleum products. The rate however, increased in June 2015 to record -0.01 percent as a result of the increase in petroleum prices (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 23.1 percent in June 2015; the monthly change rate was 4.4 percent.

The mining and quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 30.0 percent, followed by the manufacturing sub-sector with 21.9 percent. The utilities sub-sector recorded the lowest year-on-year inflation rate of 20.8 percent.

The monthly changes in the producer price index indicated that manufacturing recorded the highest inflation rate of 5.3 percent, followed by the mining and quarrying sub-sector with 4.4 percent. The utilities sub-sector recorded the lowest rate of 0.4 percent.

