



Republic of Ghana

Newsletter Producer Price Index (PPI) February, 2015



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March 25, 2015

Producer Price Inflation Rate decreased to 21.8% in February, 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 February 2015 are provisional, and are subject to revision when additional data become available. All other indicators are final.

February 2015 Producer Inflation

The Producer Price Inflation rate for February 2015 was 21.8 percent. This rate indicates that, between February 2014 and February 2015 (year-on-year), the PPI increased by 21.8 percent, representing a 1.8 percentage point decrease in producer inflation relative to the rate recorded in January 2015 (23.6%). The month-on-month change in producer price index between January and February 2015 was 1.4 percent (Table 1).

Table 1: PPI for January and February 2015

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
January 2015	p 450.5	p -1.4	p 23.5
January, 2015 rev	450.6	-1.3	23.6
February, 2015	p 456.9	p 1.4	p 21.8

P: Provisional

In February 2015, the producer price inflation in the Mining and Quarrying sub-sector decreased by 7.1 percentage points over the January 2015 rate of 36.4 percent, to record 29.3 percent in February 2015. Manufacturing, which constitutes more than two-thirds of total industry, also decreased by 1.0 percentage point to record 21.6 percent. The Utilities sub-sector recorded an inflation rate of 15.7 percent in February 2015, suggesting 0.1 percentage point decrease over the January 2015 rate of 15.8 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	811.3	2.2	29.3
Manufacturing	384.1	1.5	21.6
Utilities	546.3	0.2	15.7
ALL INDUSTRY	456.9	1.4	21.8

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 21.8 percent for February 2015. From February 2014, producer price inflation began an upward trend and increased consistently over six months to record 48.6 percent in August 2014. However, the rate has consistently declined since then to record 21.8 percent in February 2015.

Manufacturing Sector

During the month of February 2015, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 21.6 percent (Fig. 2). Manufacture of basic metals recorded the highest inflation rate of 56.9 percent while the manufacture of tanning and dressing of leather recorded the lowest producer price inflation rate.

Petroleum Price Index

The inflation rate in the petroleum sub-sector was 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 November, 2014 to record 61.1 percent. Since then, the rate has consistently declined to record -0.4 percent in February 2015 as a result of base drift effect and decrease in prices of petroleum products (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 21.8 percent in February 2015; the monthly inflation rate was 1.4 percent.

The mining and quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 29.3 percent, followed by the manufacturing sub-sector with 21.6 percent. The utilities sub-sector recorded an inflation rate of 15.7 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded the highest inflation rate of 2.2 percent while manufacturing recorded 1.5 percent. The utilities sub-sector recorded the lowest monthly rate of 0.2 percent.

