



Republic of Ghana

Newsletter Producer Price Index (PPI) July, 2014



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Producer Price Inflation Rate Increased to 47.4% in July 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 July 2014 are provisional, and are subject to revision when additional data become available. All other indicators are final.

July 2014 Producer Inflation

The Producer Price Inflation rate for July 2014 was 47.4 percent. This rate indicates that, between July 2013 and July 2014 (year-on-year), the PPI increased by 47.4 percent, representing a 14.3 percentage point increase in producer inflation relative to the rate recorded in June 2014 (33.1%). The month-on-month change in producer price index between June 2014 and July 2014 was 10.2 percent (Table 1).

Table 1: PPI for June 2014 and July 2014

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
June 2014	p 404.5	p 0.7	p 33.1
June, 2014 rev	404.5	0.7	33.1
July, 2014	p 445.7	p 10.2	p 47.4

P: Provisional

In July 2014, the producer price inflation in the Mining and Quarrying sub-sector increased by 13.6 percentage points over the June 2014 rate of 37.3 percent, to record 50.9 percent in July 2014. Manufacturing, which constitutes more than two-thirds of total industry, increased by 13.2 percentage points to record 40.3 percent. The rate for the Utilities sub-sector increased by 76.8 percent in July 2014, suggesting a 19.8 percentage point increase over the June 2014 rate.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	771.6	4.7	50.9
Manufacturing	376.2	10.8	40.3
Utilities	536.8	12.6	76.8
ALL INDUSTRY	445.7	10.2	47.4

The data in this table are provisional.

Trends

During the 12-month period (July 2013 to July 2014), the highest year-on-year inflation rate of 47.4 percent for all industry was recorded in July 2014. Between July 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

increased consistently over the last eight months to record 47.4 percent in July 2014. This rate is the highest since January 2010.

Manufacturing Sector

During the month of July 2014, three out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 40.3 percent (Fig. 2). Manufacture of coke, refined petroleum and nuclear fuel recorded the highest inflation rate of 77.3 percent whilst producer prices in the manufacture of machinery and equipment n.e.c recorded the lowest producer price inflation rate.

Petroleum Price Index

From July 2012, 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 however, the rate declined to record 44.7 percent as a result of the base drift effect from the increase in the prices of petroleum products in June 2013. In July 2014, however the rate increased to record 77.3 percent as a result of increases in petroleum prices (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 47.4 percent in July 2014; the monthly inflation rate was 10.2 percent.

The utilities sub-sector recorded the highest year-on-year producer price inflation rate of 76.8 percent, followed by the mining and quarrying sub-sector with 50.9 percent. The manufacturing sub-sector recorded an inflation rate of 40.3 percent.

The monthly changes in the producer price index indicated that utilities recorded a monthly inflation rate of 12.6 percent while manufacturing recorded 10.8 percent. The mining and quarrying sub-sector recorded the lowest monthly rate of 4.7 percent.

