



Republic of Ghana

Newsletter Producer Price Index (PPI) May, 2015



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Producer Price Inflation Rate Decreased to 19.0% in May, 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 May 2015 are provisional, and are subject to revision when additional data become available. All other indicators are final.

May 2015 Producer Inflation

The Producer Price Inflation rate for May 2015 was 19.0 percent. This rate indicates that, between May 2014 and May 2015 (year-on-year), the PPI increased by 19.0 percent, representing a 0.5 percentage point decrease in producer inflation relative to the rate recorded in April 2015 (19.5%). The month-on-month change in producer price index between April and May 2015 was 0.8 percent (Table 1).

Table1: PPI for April and May 2015

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
April, 2015	p 473.8	p 2.8	p 19.5
April, 2015 rev	473.8	2.8	19.5
May, 2015	p 478.6	p 0.8	p 19.0

p = Provisional

In May 2015, the producer price inflation in the Mining and Quarrying sub-sector decreased by 1.7 percentage points over the April 2015 rate of 27.1 percent, to record 25.4 percent in May 2015. Manufacturing, which constitutes more than two-thirds of total industry decreased by 0.4 percentage points to record 16.8 percent? The Utilities sub-sector recorded an inflation rate of 20.6 percent in May 2015 indicating a marginal decrease of 0.1 percentage point over the April 2015 rate of 20.7 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	917.9	2.0	25.4
Manufacturing	986.2	0.8	16.8
Utilities	573.7	0.1	20.6
ALL INDUSTRY	477.8	0.8	19.0

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 19.0 percent for May 2015. From May 2014, producer price inflation began an upward trend and increased consistently over four months to record 48.6 percent in August 2014. However, the rate consistently declined to record 19.0 percent in March 2015. It inched up to record

19.5 percent in April, 2015 and then declined to record 19.0 percent in May 2015.

Manufacturing Sector

During the month of May 2015, ten out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 16.8 percent (Fig. 2). Manufacture of paper and paper products recorded the highest inflation rate of 55.6 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 48.2 percent in May 2014. Thereafter, the rate fluctuated until November, 2014 when it recorded 61.1 percent. Since then, the rate has steadily declined to record -8.7 percent in March 2015 and subsequently -9.6 percent in May 2015 as a result of base drift effect and the decrease in ex-refinery prices of petroleum products (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 19.0 percent in May 2015; the monthly change rate was 0.8 percent.

The mining and quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 25.4 percent, followed by the utilities sub-sector with 20.6 percent. The manufacturing sub-sector recorded the lowest year-on-year inflation rate of 16.8 percent.

The monthly changes in the producer price index indicated that mining and quarrying recorded the highest inflation rate of 2.0 percent, followed by the manufacturing sub-sector with 0.8 percent. The utilities sub-sector recorded the lowest inflation rate of 0.1 percent.

