



# Newsletter Producer Price Index (PPI) - December, 2008



Republic of Ghana

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## Producer Price Index December, 2008

The Producer Price Index (PPI) for Ghana measures the average change over time in the prices received by domestic producers for the production of their goods and services. The PPI reports the price indices with reference to September 2006, the base period. This release shows the monthly index level, as well as the annual and monthly per cent change in the index level, for all industry (total industry) and three major sub-sectors covered namely: mining and quarrying, manufacturing and utilities (electricity, gas and water).

### Overall PPI and Inflation in Industry

The December 2008, all industry PPI was 148.54. The annual percentage change in the PPI (that is percentage change for all industry, between December 2007 and December 2008), which measures inflation in prices of goods at production level was **10.49** per cent for December 2008. This implies that ex-factory prices for all industry, which includes manufacturing, mining and quarrying and utilities sub-sectors were on average 10.49 per cent higher in December 2008 than they were in December 2007. This represents drop of 8.63 percentage points in inflation over that of November 2008 (table 1).

### PPI and Inflation by Sub- Sectors in Industry

The December 2008 PPI for the three major sub-sectors were: mining and quarrying, 208.98;

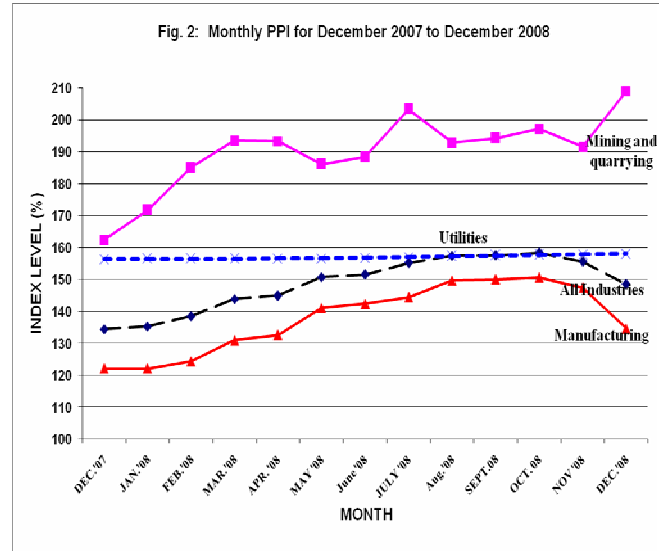
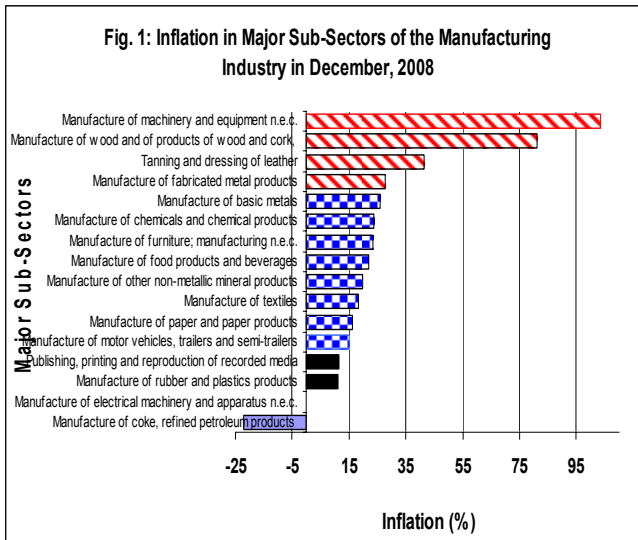
manufacturing, 134.70; and utilities, 158.10 (table 3). The percentage change in the PPI for December 2008 relative to December 2007, that is the rate of inflation for these sub-sectors were: mining and quarrying, 28.69 per cent; manufacturing, 10.06 per cent; and utilities, 1.08 per cent (table 1).

The rate of producer price inflation in December 2008 compared to November 2008 for mining and quarrying sub-sector increased by 9.63 while manufacturing and utilities sub-sectors dropped by 14.96 and 1.91 percentage points respectively. In the manufacturing sub-sector, fourteen out of sixteen of the major groupings showed appreciable increases of at least 10 per cent, in their index level, ranging from 11.22 per cent (Manufacture of rubber and plastic products) to 103.52 per cent (Manufacture of machinery and equipments n.e.c) (table 3).

**Table 1: Inflation in Industry by Sectors**

Industry Group	Annual Inflation (%)		
	Oct. '08	Nov. '08	Dec. '08
All Industry	36.09	r 19.12	10.49
Mining and quarrying	41.38	r 19.06	28.69
Manufacturing	33.35	r 25.02	10.06
Utilities	45.01	2.99	1.08

r: revised



### Monthly PPI and Percentage Change in PPI

The monthly change in the all industry PPI for December 2008 (i.e., the percentage change in the PPI between November 2008 and December 2008), was **-4.47** per cent. The corresponding changes for the major sub-sectors were: mining and quarrying 8.60; manufacturing, -8.44; and utilities, 0.13 % (table 2).

The rise in the index for mining and quarrying is strongly associated with the increase in the prices of metal ores which represent 95% of the output of the sub-sector. But for manufacturing, the manufacture of petroleum products which dropped by 29.91 percent contributed largely to the fall in the index level, with only two out of eleven major subgroups that contributed at least 4 per cent each to the total manufacturing output (weight), having increases of at least 1 per cent in their index level. These subgroups are: manufacturing of beverages and manufacturing of other chemical products (table 3).

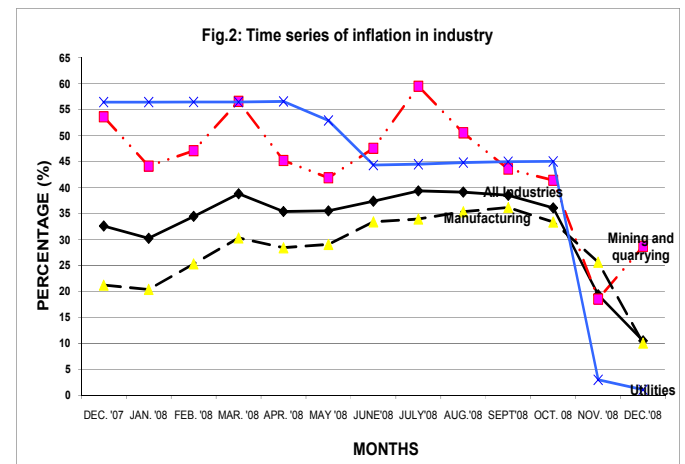
**Table 2: Monthly Percentage Change in PPI**

Industry Group	Monthly Percent Change (%)		
	Oct. '08	Nov. '08	Dec. '08
All Industry	0.53	r -1.87	-4.47
Mining and quarrying	1.50	r -2.42	8.60
Manufacturing	0.43	r -2.37	-8.44
Utilities	0.09	0.10	0.13

r: revised

### Thirteen - Month Producer Price Movements

The year-on-year inflation from the producer's perspective for all industry and manufacturing was rising steadily, until October 2008 when it nose-dived. Within the same period, inflation in the mining industry remained unstable, recording three month cyclical fluctuations, until between July and November 2008 when it consistently continued to fall. During the month of December 2008, the inflation in the mining and quarrying sub-sector increased and recorded the highest, with utilities recording the lowest. The manufacturing sub-sector has for the first time recorded a drop in inflation of more than 10 percentage points (fig. 3).



Copies of the Newsletter may be obtained from the information desk of Statistical Service or the GSS website at [statsghana.gov.gh](http://statsghana.gov.gh). For details of the PPI and for any further explanation, please contact the Industrial Statistics Section of the Statistical Service or call 021-682640/39.

**Table 3: Index Level and Per cent Change of Monthly and Annual PPI by Industry Category**

ISIC CODE	INDUSTRY GROUP (ISIC DESCRIPTION)	WEIGHT S (%)	INDEX LEVEL (September 2006 = 100)						MONTHLY PERCENT CHANGE (%)		ANNUAL PERCENT CHANGE (%)	
			2008			2007			Oct.'08 - Nov.' 08	Nov. '08 - Dec. '08	Nov. '07 - Nov. '08	Dec. '07 - Dec. '08
			Oct. '08	Nov. '08	Dec. '08	Oct.'07	Nov.'07	Dec.'07				
<b>0</b>	<b>All Industries</b>	<b>100.00</b>	158.45	r155.48	148.54	116.58	130.53	134.43	r-1.87	-4.47	r19.12	10.49
<b>C</b>	<b>Mining and quarrying</b>	<b>13.97</b>	197.21	r192.44	208.98	139.49	161.63	162.39	r-2.42	8.60	r19.06	28.69
<b>D</b>	<b>Manufacturing</b>	<b>69.75</b>	150.69	r147.12	134.70	113.25	117.68	122.39	r-2.37	-8.44	r25.02	10.06
<b>E</b>	<b>Utilities</b>	<b>16.28</b>	157.72	157.89	158.10	108.77	153.30	156.41	0.10	0.13	2.99	1.08
<b>Mining and quarrying</b>												
C13	Mining of metal ores	95.01	201.20	195.74	213.54	139.86	162.82	165.82	-2.71	9.09	20.22	28.78
C132	Mining of non-ferrous metal ores, except uranium and thorium ores	95.01	201.20	195.74	213.54	139.86	162.82	165.82	-2.71	9.09	20.22	28.78
C14	Other mining and quarrying	4.99	128.37	125.98	122.13	110.02	105.35	96.48	-1.86	-3.06	19.59	26.58
C141	Quarrying of stone, sand and clay	3.42	118.27	122.97	118.27	97.49	97.03	92.19	3.98	-3.82	26.73	28.28
C142	Mining and quarrying n.e.c.	0.87	153.65	138.54	138.54	128.46	115.33	115.33	-9.83	0.00	20.12	20.12
<b>Manufacturing</b>												
D15	Manufacture of food products and beverages	25.64	152.79	152.32	153.65	116.07	121.31	126.16	-0.30	0.87	25.57	21.79
D151	Production, processing and preservation of meat, fish, fruit, vegetables, oils and fats	4.60	184.68	181.15	177.31	130.14	133.57	137.83	-1.91	-2.12	35.62	28.65

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			Oct. '08	Nov. '08	Dec. '08	Oct.'07	Nov.'07	Dec.'07				
D152	Manufacture of dairy products	4.31	125.84	125.84	125.84	110.80	117.10	123.79	0.00	0.00	7.46	1.66
D153	Manufacture of grain mill products, starches and starch products, and prepared animal feeds	4.66	238.23	241.24	241.24	166.59	166.59	175.76	1.26	0.00	44.81	37.25
D154	Manufacture of other food products	4.80	149.92	148.88	148.91	119.12	112.47	112.71	-0.69	0.02	32.37	32.11
D155	Manufacture of beverages	7.27	128.67	128.75	134.41	96.05	104.34	104.32	0.07	4.39	23.40	28.84
D17	Manufacture of textiles	4.27	123.68	123.68	123.68	102.28	102.79	104.47	0.00	0.00	20.32	18.38
D171	Spinning, weaving and finishing of textiles	4.28	123.68	123.68	123.68	102.28	102.79	104.47	0.00	0.00	20.32	18.38
D19	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear	0.12	144.42	149.06	176.60	125.66	123.60	124.80	3.21	18.48	20.59	41.51
D192	Manufacture of footwear	0.12	144.42	149.06	176.60	125.66	123.60	124.80	3.21	18.48	20.59	41.51
D20	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	9.03	153.78	207.39	210.44	114.20	111.21	116.12	34.85	1.47	86.48	81.23
D201	Sawmilling and planing of wood	4.94	173.93	235.52	236.89	110.68	102.86	108.35	35.41	0.58	128.97	118.63

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D202	Manufacture of products of wood, cork, straw and plaiting materials	4.10	114.70	122.71	117.54	121.85	128.09	128.99	6.99	-4.21	-4.20	-8.87
D21	Manufacture of paper and paper products	0.62	131.37	139.69	143.95	116.62	123.78	123.78	6.33	3.05	12.85	16.29
D210	Manufacture of paper and paper products	0.62	131.37	139.69	143.95	116.62	123.78	123.78	6.33	3.05	12.85	16.29
D22	Publishing, printing and reproduction of recorded media	1.14	125.96	122.41	120.73	104.44	108.25	108.36	-2.82	-1.37	13.08	11.42
D221	Publishing	0.40	166.41	166.41	166.41	109.34	109.34	109.34	0.00	0.00	52.20	52.20
D222	Printing and service activities related to printing	0.74	108.20	103.51	101.33	101.54	107.63	107.83	-4.34	-2.11	-3.83	-6.03
D23	Manufacture of coke, refined petroleum products and nuclear fuel	22.94	161.79	142.08	99.59	107.83	116.20	128.15	-12.18	-29.91	22.28	-22.29
D232	Manufacture of refined petroleum products	22.94	161.79	142.08	99.59	107.83	116.20	128.15	-12.18	-29.91	22.28	-22.29
D24	Manufacture of chemicals and chemical products	10.15	144.29	145.45	146.71	118.43	118.43	118.49	0.80	0.86	22.82	23.81
D241	Manufacture of basic chemicals	0.54	169.25	169.25	169.25	98.80	120.30	120.47	0.00	0.00	40.69	40.49
D242	Manufacture of other chemical products	9.45	144.67	145.87	147.15	118.96	118.58	118.64	0.83	0.88	23.02	24.04
D243	Manufacture of man-made fibres	0.16	109.62	109.62	109.62	109.62	109.62	109.62	0.00	0.00	0.00	0.00

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D25	Manufacture of rubber and plastics products	3.90	124.87	121.90	118.03	108.71	105.18	106.13	-2.38	-3.18	15.89	11.22
D251	Manufacture of rubber products	0.76	144.60	128.13	114.23	113.24	112.36	115.21	-11.39	-10.85	14.04	-0.85
D252	Manufacture of plastics products	3.14	120.20	120.33	118.95	104.08	102.79	103.70	0.11	-1.15	17.06	14.70
D26	Manufacture of other non-metallic mineral products	8.20	138.29	139.03	138.91	110.89	115.34	115.97	0.54	-0.09	20.54	19.78
D269	Manufacture of non-metallic mineral products n.e.c.	8.20	138.29	139.03	138.91	110.89	115.34	115.97	0.54	-0.09	20.54	19.78
D27	Manufacture of basic metals	5.02	158.67	153.42	147.18	107.51	108.00	116.85	-3.31	-4.07	42.05	25.95
D271	Manufacture of basic iron and steel	2.02	227.62	208.50	187.90	107.51	108.00	129.05	-8.40	-9.88	93.05	45.61
D272	Manufacture of basic precious and non-ferrous metals	2.65	120.54	121.45	122.62	107.51	108.00	108.43	0.75	0.96	12.45	13.09
D28	Manufacture of fabricated metal products, except machinery and equipment	3.70	195.83	197.35	200.22	160.51	161.23	156.73	0.77	1.46	22.40	27.75
D281	Manufacture of structural metal products, tanks, reservoirs and steam generators	1.55	184.03	186.31	182.18	155.79	154.70	158.03	1.24	-2.22	20.43	15.28

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D289	Manufacture of other fabricated metal products; metalworking service activities	2.15	207.96	207.96	217.57	164.62	166.63	155.91	0.00	4.62	24.80	39.54
D29	Manufacture of machinery and equipment n.e.c.	0.42	203.14	203.14	203.14	99.73	99.78	99.81	0.00	0.00	103.60	103.52
D292	Manufacture of special-purpose machinery	0.42	203.14	203.14	203.14	99.73	99.78	99.81	0.00	0.00	103.60	103.52
D31	Manufacture of electrical machinery and apparatus n.e.c.	0.41	109.30	109.30	109.30	109.24	109.30	109.30	0.00	0.00	0.00	0.00
D313	Manufacture of insulated wire and cable	0.41	109.30	109.30	109.30	109.24	109.30	109.30	0.00	0.00	0.00	0.00
D34	Manufacture of motor vehicles, trailers and semi-trailers	0.05	149.33	149.33	158.37	130.27	137.15	137.74	0.00	6.05	8.88	14.98
D342	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	0.05	149.33	149.33	158.37	130.27	137.15	137.74	0.00	6.05	8.88	14.98
D36	Manufacture of furniture; manufacturing n.e.c.	2.44	153.96	156.98	157.98	114.79	125.44	127.94	1.96	0.64	25.14	23.48
D361	Manufacture of furniture	2.33	153.86	157.01	158.13	115.05	126.03	127.95	2.04	0.72	24.58	23.59
D369	Manufacturing n.e.c.	0.11	157.79	155.88	152.89	102.68	102.42	127.46	-1.21	-1.92	52.20	19.95
<b>Utilities</b>												

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E40	Electricity, gas, steam and hot water supply	93.25	155.50	155.67	155.89	106.65	153.99	154.12	0.11	0.14	1.09	1.15
E401	Production, transmission and distribution of electricity	93.25	155.50	155.67	155.89	106.65	153.99	154.12	0.11	0.14	1.09	1.15
E41	Collection, purification and distribution of water	6.75	192.98	192.98	192.98	143.86	143.86	192.98	0.00	0.00	34.15	0.00
E410	Collection, purification and distribution of water	6.75	192.98	192.98	192.98	143.86	143.86	192.98	0.00	0.00	34.15	0.00

**Note: The industrial categories are grouped according to the International Standard Industrial Classification (ISIC), Rev III.**

## **Brief Explanation of Producer Price Indices**

The Producer Price Index (PPI) for Ghana is an index that measures the average change over time in the prices received by domestic producers of goods and services. The PPI measures price change from the perspective of the producer. This contrasts with other measures, such as the Consumer Price Index (CPI), which measures price change from the purchaser's perspective. Producers' and purchasers' prices can differ due to government subsidies, sales and excise taxes, and distribution costs.

Prices for approximately 950 items are collected from 209 establishments each month. The Producer Price Indices are available for virtually every industry in the mining, manufacturing, and utilities sectors of the Ghanaian economy. Plans to expand coverage to include telecommunications, construction, services, and agriculture are planned for the future.

The PPI is based on the selling price reported by establishments of all sizes selected by cut-off sampling techniques. Individual items and transaction terms from these establishments are chosen in consultation with the individual establishment. Establishments give the actual transaction prices at the time of the order. Prices submitted by survey respondents are effective on or near the 15<sup>th</sup> day of the month. This survey is conducted using enumerators who visit each establishment to collect the prices.

Price data are provided on a voluntary and confidential basis; only accredited GSS staffs are allowed access to individual establishment price reports. The GSS publishes price indices instead of unit value prices. The PPI is subject to revision three (3) months after the original publication to reflect the availability of later reports and corrections by respondents.

More detailed information on the methodology used to compile the PPI for Ghana is available on demand. Interested persons/institutions may contact the Industrial Statistics Section of the Statistical Service to obtain a copy.

## **Calculating Index Changes**

Movements of price indexes from one month to another are usually expressed as per cent changes, rather than as changes in index points. Index point changes are affected by the level of the index in relation to its base period, whereas per cent changes are not. The following example shows the computation of index point and per cent changes.

### *Index point change*

All Industries Price Index	107.5
Less pervious index	104.0
Equals index point change	3.5

### *Index per cent change*

Index point change	3.5
Divided by the previous index	104.0
Equals	0.034
Result multiplied by 100	0.034 x 100
Equals per cent changes	3.4

### **Availability of PPI Data**

PPI data will be made available each month via a press release on a Friday on or before the 28th of the month following the month for which price data were collected. Data will also be available via the GSS internet site at [www.statsghana.org.gh](http://www.statsghana.org.gh) Detailed monthly data will be published in a bulletin each quarter.