

Producer inflation jumps on minerals

Ghana's producer inflation rose a third consecutive time in November as a result of significant price jumps in the mining and quarrying sector.

November inflation in ex-factory goods and services was 19.34 per cent, up 4.08 percentage points from the revised October figure of 15.26 percent.

Speaking at a press briefing in Accra last Friday, Magnus Ebo Duncan, Head of Economic Statistics at the Ghana Statistical Service (GSS), explained that mining and quarrying inflation has maintained an upward trend since January as a result of favourable prices of gold and other metal ores on the global commodities market.

The sector has thus been the main driver of producer inflation for this year, with manufacturing prices following closely.

For November, the Mining and Quarrying sector recorded inflation of 67.05 per cent, after peaking at 56.56 per cent in October.

Manufacturing inflation on the other hand rose to 14.57 per cent for the month under review, after falling to 10.50 per cent in October.

Inflation in Utilities however slumped to 1.02 per cent from the prior month's 1.30 per cent.

The Utilities sub-sector which includes production, transmission and distribution of electricity, collection, purification and distribution of what has consistently recorded the lowest changes.

The monthly change in the Producer Price Index for November which measures the percentage change in the Producer Price Index (PPI) between October 2009 and November 2009 was 1.60 per cent, up 0.65 percentage points from the corresponding figure for the previous month.

Relating what could be the possible impact of the rise in producer inflation on consumer prices, Mr. Duncan noted that price hikes in minerals would not make much impact in the pricing of domestic products.

He further observed that despite some significant increases in manufacturing costs this year, local producers and distributors have not been able to transfer such rates of change to consumers as a result of stiff competition from the imported substitutes.

The Producer Price Index measures the average change over time in the prices received by domestic producers for the production of their goods and services and contrasts with the Consumer Price Index (CPI) which measures price changes from the purchaser's

perspective. Producer's and purchaser's prices can differ due to government subsidies, sales and excise taxes, and distribution costs.

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