



Republic of Ghana

Newsletter Producer Price Index (PPI) July, 2015



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Producer Price Inflation Rate in July 2015 is 10.6%

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 July 2015 are provisional, and are subject to revision when additional data become available. All other indicators are final.

July 2015 Producer Inflation

The Producer Price Inflation rate for July 2015 was 10.6 percent. This rate indicates that, between July 2014 and July 2015 (year-on-year), the PPI increased by 10.6 percent, representing a 12.5 percentage point decrease in producer inflation relative to the rate recorded in June 2015 (23.1%). The month-on-month change in producer price index between June and July 2015 was -1.1 percent (Table 1).

Table1: PPI for June and July 2015

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
June, 2015	p 498.0	p 4.4	p 23.1
June, 2015 rev	498.0	4.4	23.1
July, 2015	p 492.5	p -1.1	p 10.6

p = Provisional

The producer price inflation in the Mining and Quarrying sub-sector decreased by 28.5 percentage points over the June 2015 rate of 30.0 percent, to record 1.5 percent in July 2015. Manufacturing, which constitutes more than two-thirds of total industry decreased by 8.4 percentage points to record 13.5 percent. The Utilities sub-sector recorded an inflation rate of 7.3 percent in July 2015 indicating a decrease of 13.5 percentage points over the June 2015 rate of 20.8 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	783.1	-18.3	1.5
Manufacturing	426.7	3.1	13.5
Utilities	576.1	0.1	7.3
ALL INDUSTRY	492.5	-1.1	10.6

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 10.6 percent for July 2015. From July 2014, the producer price inflation began an upward trend to record 48.6 percent in August 2014. However, the rate consistently declined to 19.2 percent in March 2015. It inched up to record 19.5 percent in April, 2015 and then declined again to

18.8 percent in May 2015. It, however, increased in June 2015 to record 23.1 percent. In July 2015, the rate declined again to 10.6 percent.

Manufacturing Sector

During the month of July 2015, nine out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 13.5 percent (Fig. 2). Manufacture of textiles recorded the highest inflation rate of 49.0 percent while the manufacture of motor vehicles, trailers and semi-trailers recorded the lowest producer price inflation rate of -11.9 percent.

Petroleum Price Index

The inflation rate in the petroleum sub-sector was 77.3 percent in July 2014 and thereafter fluctuated until November, 2014 when it recorded a rate of 61.1 percent. Subsequently, the rate steadily declined to record -8.7 percent in March 2015 and -9.6 percent in May 2015 as a result of base drift effect and the decrease in ex-refinery prices of petroleum products. The rate, however, increased in June 2015 to record -0.01 percent as a result of the increase in petroleum prices but decreased to -6.4 percent in July 2015 due to base drift effect (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 10.6 percent in July 2015; the monthly change rate was -1.1 percent.

The manufacturing sub-sector recorded the highest year-on-year producer price inflation rate of 13.5 percent, followed by the utilities sub-sector with 7.3 percent. The mining and quarrying sub-sector recorded the lowest year-on-year inflation rate of 1.5 percent.

The monthly changes in the producer price index indicated that manufacturing recorded the highest inflation rate of 3.1 percent, followed by the utilities sub-sector with 0.1 percent. The mining and quarrying sub-sector recorded the lowest producer inflation rate of -18.3 percent.

