



Republic of Ghana

Newsletter Producer Price Index (PPI) October, 2014



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Producer Price Inflation Rate decreased to 39.6% in October 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 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 October 2014 are provisional, and are subject to revision when additional data become available. All other indicators are final.

October 2014 Producer Inflation

The Producer Price Inflation rate for October 2014 was 39.6 percent. This rate indicates that, between October 2013 and October 2014 (year-on-year), the PPI increased by 39.6 percent, representing a 7.4 percentage point decrease in producer inflation relative to the rate recorded in September 2014 (47.0%). The month-on-month change in producer price index between September 2014 and October 2014 was 0.9 percent (Table 1).

Table1: PPI for September and October 2014

Month	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
September 2014	p 458.3	p 1.2	p 46.7
September, 2014 rev	459.4	1.3	47.0
October, 2014	463.4	0.9	39.6

P: Provisional

In October 2014, the producer price inflation in the Mining and Quarrying sub-sector decreased by 1.9 percentage points over the September 2014 rate of 50.6 percent, to record 48.7 percent in October 2014. Manufacturing, which constitutes more than two-thirds of total industry, also increased slightly by 0.2 percentage points to record 40.3 percent. The Utilities sub-sector recorded an inflation rate of 27.8 percent in October 2014, suggesting a 48.3 percentage point decrease over the September 2014 rate of 76.1 percent.

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

Sector	Index level	Change rate (%)	
	Sept 2006=100	Monthly	Yearly
Mining & Quarrying	788.8	-1.1	48.7
Manufacturing	394.6	0.9	40.3
Utilities	544.6	1.8	27.8
ALL INDUSTRY	463.4	0.9	39.6

The data in this table are provisional.

Trends

The year-on-year inflation in ex-factory prices of goods and services was 39.6 percent for October 2014. In October 2013, the rate was 11.6 percent after recording 5.8 percent in September 2013. Subsequently, the producer price inflation rate increased consistently over the last eleven months to

record 48.6 percent in August 2014. However, the rate decreased to 47.0 percent in September 2014 and to 39.6 percent in October 2014.

Manufacturing Sector

During the month of October 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 other non-metallic mineral products recorded the highest inflation rate of 70.8 percent whilst producer prices in the manufacture of machinery and equipment n.e.c recorded the lowest producer price inflation rate.

Petroleum Price Index

The inflation rate in the petroleum sub-sector increased consistently from October 2013 to record 56.1 percent in February 2014 but declined in March to record 44.7 percent. The rate started rising in April 2014 to record 48.2 percent in 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, the rate increased to record 77.3 percent as a result of increases in petroleum prices, but it declined in August and September 2014 to record 68.6 percent and 59.5 percent respectively due to the base drift effect. In October, 2014, the rate increased to 63.7 percent due to base drift effect arising from the decrease in petroleum prices in October, 2013 (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 39.6 percent in October 2014; the monthly inflation rate was 0.9 percent.

The mining and quarrying sub-sector recorded the highest year-on-year producer price inflation rate of 48.7 percent, followed by the manufacturing sub-sector with 40.3 percent. The utilities sub-sector recorded an inflation rate of 27.8 percent.

The monthly changes in the producer price index indicated that utility recorded a monthly inflation rate of 1.8 percent while manufacturing recorded 0.9 percent. The mining and quarrying sub-sector recorded the lowest monthly rate of -1.1 percent.

