



Republic of Ghana

Newsletter Producer Price Index (PPI) July, 2013



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August 28, 2013

Producer Price Inflation Decreased to 5.0% in July 2013

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 September 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 2013 are provisional, and are subject to revision when additional data become available. All other indicators are final.

July 2013 Producer Inflation

The Producer Price Inflation increased by 5.0 percent between July 2012 and July 2013 (year-on-year), representing a decrease in producer inflation by 2.0 percentage points relative to the rate recorded in June 2013 (7.0%). The month-on-month change in producer prices between June 2013 and July 2013 was -0.5 percent (Table 1).

Table 1: PPI for June 2013 and July 2013

| Month | Index level | Change rate (%) | |
|-----------------------|---------------|-----------------|--------|
| | Sept 2006=100 | Monthly | Yearly |
| June, 2013 | p 303.9 | p 0.6 | p 7.0 |
| June, 2013 rev | 303.9 | 0.6 | 7.0 |
| July, 2013 | p 302.3 | p -0.5 | p 5.0 |

P: Provisional

In July 2013, the producer price inflation in the Mining and Quarrying subsector decreased substantially by 11.7 percentage points over the June 2013 rate of -1.4 percent, to record -13.1 percent. Manufacturing, which constitutes more than two-thirds of total industry, increased to 10.9 percent, from a rate of 10.6 percent in June 2013. The rate for the Utilities sub-sector decreased marginally by 0.39 percentage points in July 2013.

Table 2: PPI and Inflation by Sector, July, 2013 (September 2006= 100)

| Sector | Index level | Change rate (%) | |
|---------------------|---------------|-----------------|------------|
| | Sept 2006=100 | Monthly | Yearly |
| Mining & Quarrying | 511.2 | -4.8 | -13.1 |
| Manufacturing | 268.0 | 0.3 | 10.9 |
| Utilities | 303.7 | 0.0 | 0.2 |
| ALL INDUSTRY | 302.3 | -0.5 | 5.0 |

The data in this table are provisional

Trends

During the 12-month period (July 2012 to July 2013), the highest year-on-year inflation of 19.1 percent for all industry was recorded in October 2012 and the lowest in July 2013 (5.0%). Between July and November 2012, the producer price inflation fluctuated until December 2012. However, from December 2012 to February 2013, the rate declined to 9.1 percent but increased steadily to record 10.6 percent in March 2013, and

subsequently declined consistently to record 5.0 percent in July 2013.

Manufacturing Sector

During the month of July 2013, eight out of the sixteen major groups in the manufacturing sub-sector recorded inflation rates higher than the sector average of 10.9 percent (Fig. 2). Manufacture of furniture; manufacturing n.e.c. recorded the highest inflation rate (32.2%) whilst producer prices in the manufacture of electrical machinery and apparatus n.e.c. recorded the lowest inflation rate (-5.6) over the one year period.

Petroleum Price Index

Between July 2012 and December 2012, the inflation rate in the petroleum sub-sector remained relatively stable. However, it dropped in January 2013 and subsequently rose in March 2013. The rate remained unchanged in April 2013 but thereafter increased steadily to record 19.3 percent in June 2013. In July 2013, the rate declined to 18.5 percent due to slight declines in the prices of marine gas oil and aviation fuel (Fig.3).

Highlights

The year-on-year producer inflation for all industry was 5.0 percent in July 2013; the monthly inflation rate was -0.5 percent.

The manufacturing sub-sector recorded the highest year-on-year producer inflation rate of 10.9 percent, followed by the utilities sub-sector (0.2%). The mining and quarrying recorded a negative inflation rate of 13.1 percent.

The monthly changes in the producer price index indicated that manufacturing recorded a monthly inflation rate of 0.3 percent while mining and quarrying recorded -4.8 percent. The utilities sub-sector remained unchanged.

