



Newsletter Producer Price Index (PPI) May, 2012



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Producer Price Inflation Increased to 18.0% in May 2012

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 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 May 2012 are provisional, and are subject to revision when additional data are available. All other indicators are final.

May 2012 Producer Inflation

The Producer Price Index increased by 18.0 percent between May 2011 and May 2012 (year-on-year), representing an increase in producer inflation of 2.2 percentage points relative to the rate recorded in April 2012 (15.8%). The month-on-month change in producer prices recorded an increase of 2.2 percent, following a rate of 0.3 percent in April 2012 (Table 1).

Table 1: PPI for April, May 2012

Month	Index Sept'06 =100	Change rate (%)	
		Monthly	Yearly
April 2012	274.2	0.3	15.8
May 2012	p280.1	p2.2	p18.0

p: provisional

In May 2012, the producer price inflation in the mining and quarrying sector decreased by 1.8 percentage points over the April 2012 rate of 24.3 percent, to record 22.5 percent. Manufacturing, which constitutes more than two-thirds of total industry, increased to 19.5 percent, from a rate of 16.2 percent in April 2012. The Utilities sector increased marginally by 0.5 percentage point from the April 2012 rate of 9.5 percent to 10.1 percent in May, 2012 (Table 2).

Table 2: PPI and Inflation by Sector, May, 2012 (September 2006= 100)

Sector	Index	Change rate (%)	
		Monthly	Yearly
Mining & Quarrying	551.7	-0.1	22.5
Manufacturing	235.4	3.0	19.5
Utilities	301.9	0.5	10.1
INDUSTRY	280.1	2.2	18.0

The data in this table are provisional

Trends

During the 12-month period (May 2011 to May 2012), the all industry inflation rate decreased sharply from 23.2 percent in May 2011 to 12.1 percent in June 2011. Thereafter, the rate increased consistently till it peaked at 19.6 percent in September, 2011 and then declined sharply again to 16.4 percent in October 2011. The producer inflation rate increased steadily over the first three months in 2012 from 15.0 percent in January 2012 to 16.2 percent in March 2012 but dropped

marginally by 0.4 percentage points in April 2012. In May 2012, the producer inflation rate increased to 18.0 percent.

Manufacturing Sector

During the month of May 2012, six out of the sixteen major groups in the manufacturing sector recorded inflation rates higher than the sector average of 19.5 percent (Fig. 2). Manufacture of machinery and equipment n.e.c recorded the highest inflation rate (38.1%) whilst Tanning and dressing of leather, manufacture of luggage, handbags, saddler, harness and footwear recorded the lowest rate (-0.02%).

Petroleum Price Index

Over the last two years, the producer inflation in the petroleum industry subgroup recorded three major significant changes in June 2010, November 2010, and January 2011. Prices in the petroleum industry increased in January 2011, resulting in a sharp rise in inflation for this subgroup in January 2011 (23.4%), and remained stable until December 2011. From January 2012 to May 2012, the inflation rate has remained virtually unchanged (Fig. 3).

Highlights

The year-on-year producer inflation for all industry in May 2012 was 18.0%; the monthly rate was 2.2 percent.

Mining and quarrying recorded the highest year-on-year producer inflation rate of 22.5%, followed by manufacturing (19.5%). Utilities recorded the lowest rate of 10.1%.

The monthly changes in the producer price index indicated that manufacturing recorded the highest rate of 3.0 percent, followed by utilities with 0.5 percent. Mining and Quarrying, however, recorded a decline of 0.1 percent.

