



Republic of Ghana

Newsletter Producer Price Index (PPI) March, 2012



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Producer Price Inflation Increased to 16.3% in March 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 March 2012 are provisional, and are subject to revision when additional data are available. All other indicators are final.

March 2012 Producer Inflation

The Producer Price Index increased by 16.3 percent between March 2011 and March 2012 (year-on-year), representing an increase in producer inflation of 0.2 percentage point relative to the rate recorded in February 2012 (16.1%). The month-on-month change in producer prices indicated an increase of 1.1 percent in March 2012, following a rate of 2.0 percent in February 2012 (Table 1).

Table 1: PPI for February, March 2012

Month	Index Sept'06 =100	Change rate (%)	
		Monthly	Yearly
February 2012	270.5	2.0	16.1
March 2012	p273.5	p1.1	p16.3

p: provisional

In March 2012, the producer price inflation in the mining and quarrying sector decreased by 7.8 percentage points over the February 2012 rate of 39.3 percent, to record 31.5 percent. Manufacturing, which constitutes more than two-thirds of total industry, increased to 15.6 percent, from a rate of 13.8 percent in February 2012. The Utilities sector increased slightly by 0.1 percentage point from the February 2012 rate of 9.4 percent to record 9.5 percent in March, 2012 (Table 2)

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

Sector	Index	Change rate (%)	
		Monthly	Yearly
Mining & Quarrying	558.7	-1.0	31.5
Manufacturing	227.2	1.9	15.6
Utilities	300.1	0.0	9.5
INDUSTRY	273.5	1.1	16.3

The data in this table are provisional

Trends

During the 12-month period (March 2011 to March 2012), the all industry inflation rate decreased gradually between April 2011 and June 2011. Subsequently, the rate increased consistently till it peaked in September, 2011 (19.6%), and then declined marginally in October (16.4%). From the beginning of 2012, the producer inflation rate has increased steadily over the three months period to record a rate of 16.3 percent in March 2012.

Manufacturing Sector

During the month of March 2012, six out of the sixteen major groups in the manufacturing sector recorded inflation rates higher than the sector average of 15.6 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, saddlery, harness and footwear recorded the lowest rate (-1.4%).

Petroleum Price Index

In the last two years, the producer inflation in the petroleum industry subgroup recorded three major significant changes in April 2010, June 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%). It then remained stable until December 2011. In March 2012, this subgroup recorded a slight increase of 0.3 percentage points over February 2012 (19.7%) to record a producer inflation rate of 20.0 percent.

Highlights

The year-on-year producer inflation for all industry in March 2012 is 16.3%; the monthly rate is 1.1 percent.

Mining and quarrying recorded the highest year-on-year producer inflation rate of 31.5%, followed by manufacturing with 15.6% percent. Utilities recorded the lowest rate of 9.5%.

The monthly changes in the producer price index indicated that manufacturing recorded the highest rate of 1.9 percent, with mining and quarrying recording a decline of 1.0 percent. Utilities, however, registered no change.

