

## IHS Markit Ghana PMI®

# Rate of job creation quickens amid further rise in workloads

### Key findings

Fastest rise in employment for 13 months

Further expansions in output and new orders

Business confidence at five-month high

Data were collected 12-29 March 2021

The end of the first quarter of 2021 saw Ghana's private sector remain in growth territory. Output, new orders and employment all increased, while business confidence hit a five-month high.

The headline seasonally adjusted Ghana PMI® posted 51.8 in March, down from 52.5 in February but posting above the 50.0 no-change mark for the eighth month running. The latest reading signalled a modest improvement in private sector business conditions.

A further solid increase in business activity was recorded in March, although the pace of expansion eased from that seen in February. The latest rise extended the current sequence of growth to eight months, with panellists linking the expansion to stronger client demand and higher new orders, as well as reductions in coronavirus disease 2019 (COVID-19) case numbers.

Improving demand conditions also helped firms to record growth of new orders, with the launch of new products helping companies to tap into a greater willingness among customers to spend.

Business confidence also improved, rising to a five-month high on the back of hopes of a return to more normal conditions during the coming year, as well as projections of higher new orders and business expansion plans. Around 83% of respondents were optimistic regarding the outlook for activity.

Higher workloads and the filling of vacancies led to a rise in employment, the eighth in as many months. The rate of job creation was modest, but quickened for the second month running to the fastest in just over a year.

Despite the increase in operating capacity, companies recorded an accumulation of backlogs of work, sometimes linked to

*continued...*

Ghana PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Andrew Harker, Economics Director at IHS Markit, said:

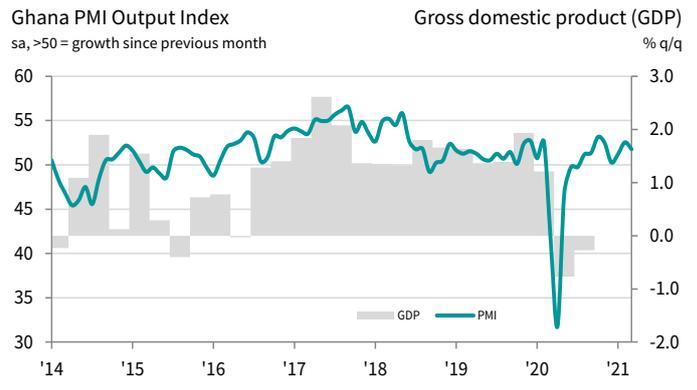
*"Ghana's private sector completed a solid first quarter with further growth in March. Customer demand continued to improve, while the future is looking bright as confidence in the 12-month outlook remained elevated. Firms responded by adding extra staff to the greatest extent since prior to the COVID-19 pandemic, though this wasn't enough to prevent a build-up of outstanding business amid some difficulties sourcing materials. In all, the economy looks to be set up well heading into the second quarter, provided there isn't a new wave of infections."*

material supply shortages. The rise in outstanding business in March was the seventh in the past eight months, and followed a marginal reduction in February.

Raw material shortages resulted in a further lengthening of suppliers' delivery times, and in some cases prevented firms from expanding inventory holdings. That said, stocks of purchases increased fractionally overall amid rising client demand and the receipt of previously ordered items from abroad. Moreover, purchasing activity continued to expand, extending the current sequence of growth to eight months. Although modest, the rate of expansion was the fastest since last November.

Purchase costs increased sharply again in March, with the rate of inflation picking up from the previous month. Goods shortages were reportedly key in the latest rise in purchase prices, while higher freight charges and fuel costs were also mentioned. Staff costs, meanwhile, rose modestly and at a much softer pace than purchase prices.

Companies often responded to higher cost burdens by raising their own selling prices. Charges were up for the eleventh successive month, and at a solid pace that was quicker than recorded during February.



Sources: IHS Markit, Ghana Statistical Service.

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### Survey methodology

The IHS Markit Ghana PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

March data were collected 12-29 March 2021.

Survey data were first collected in January 2014.

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### About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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