

IHS MARKIT GHANA PMI®

Employment growth at six-month high amid rising new orders

KEY FINDINGS

Solid increase in staffing levels

Sharper rises in output and new orders

Inflationary pressures remain muted

Business conditions in the Ghanaian private sector continued to improve in July, with growth showing signs of picking up at the start of the third quarter. Rising workloads and positive expectations for future demand encouraged companies to increase both their staffing levels and purchasing activity. There were signs of a slight pick-up in cost pressures, but rates of inflation of both input prices and selling charges remained relatively muted.

The headline seasonally adjusted PMI® posted 51.2 in July, above the 50.0 no-change mark for the tenth successive month and signalling a modest improvement in the health of Ghana's private sector. The reading was up from 50.5 in June and a three-month high.

Although remaining modest in July, the rate of expansion in business activity quickened to a four-month high. Output has now risen in nine consecutive months. Where growth was recorded in the latest survey period, panellists generally linked this to increases in new orders.

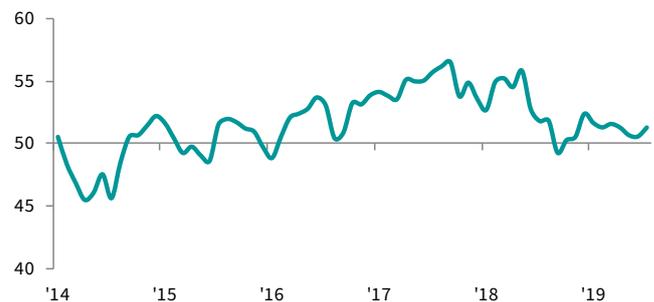
Similar to the pattern for output, the rate of growth in new business picked up in July but remained modest. Respondents pointed to improvements in customer demand and client recommendations.

Rising new orders also contributed to an increase in backlogs of work, with delays in the delivery of finished products to clients also mentioned. Outstanding business rose slightly, and at a broadly similar pace to that seen in June.

Efforts to keep on top of rising workloads encouraged companies to increase their staffing levels. Job creation was

PMI

sa, >50 = improvement since previous month



recorded for the thirty-fifth month running, with the pace of expansion quickening to a solid pace that was the fastest since January.

Purchasing activity was also increased, with the rate of growth accelerating for the third successive month. Higher input buying supported a rise in stocks of purchases, following a slight fall in June. Inventories have increased in all but one month of the past three-and-a-half years.

Another marginal improvement in suppliers' delivery times was registered in July amid some reports that vendors had responded well to requests for faster deliveries. On the other hand, material shortages reportedly led to delays in some instances.

Inflationary pressures remained muted in July, despite picking up slightly from the previous month. Both purchase prices and staff costs rose at marginally quicker rates than in June. Meanwhile, output prices increased at one of the weakest rates in the current 15-month sequence of inflation, with the latest rise well short of the series average.

Hopes of currency stability and improving economic conditions supported optimism among companies in Ghana that business activity will increase over the coming 12 months. Sentiment was higher than in June, with around 64% of respondents optimistic.

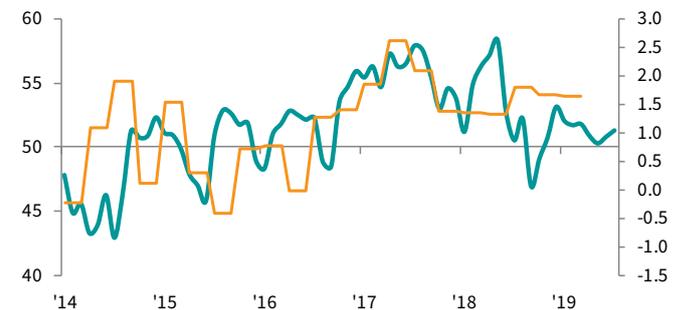
COMMENT

Andrew Harker, Associate Director at IHS Markit, which compiles the Ghana PMI survey, commented:

"While growth of output and new orders picked up in July, rates of expansion remained modest as firms await a firmer improvement in demand. There were some signs that their confidence is strengthening in this regard, leading to faster increases in staffing levels and purchasing activity."

Output Index

sa, >50 = growth since previous month



Sources: IHS Markit, Ghana Statistical Service.

CONTACT

IHS Markit

Andrew Harker
Associate Director
T: +44-1491-461-016
andrew.harker@ihsmarkit.com

Joanna Vickers
Corporate Communications
T: +44-207-260-2234
joanna.vickers@ihsmarkit.com

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.

July 2019 data were collected 12-29 July 2019.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

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. To learn more go to [ihsmarkit.com/products/pmi.html](https://www.ihsmarkit.com/products/pmi.html).