

IHS Markit Ghana PMI®

New orders rebound in September

Key findings

New order growth at 40-month high

Output and employment also return to expansion

Inflationary pressures soften

Data were collected 13-28 September 2021

September data signalled a return to growth in Ghana's private sector, with renewed expansions in output, new orders and employment all recorded as customer demand strengthened. Companies also increased their purchasing activity and inventory holdings. Meanwhile, rates of inflation showed further signs of easing but remained marked.

The headline seasonally adjusted Ghana PMI® posted 52.6 in September, up from 48.9 in August and above the 50.0 no-change mark for the first time in three months. The reading signalled a solid improvement in business conditions and one that was the most marked in just under a year.

Companies recorded a sharp increase in new business in September, more than reversing the reduction seen in August. In fact, the rate of growth was at a 40-month high. Stronger customer demand was widely reported, while there were some mentions of new product launches helping to support growth. All five broad sectors covered by the survey saw new business expand.

Growth of new orders fed through to an expansion of business activity, the first in three months. Output increased at a solid pace that was the fastest since April.

Rising new orders also encouraged companies to increase their staffing levels, with some firms reporting that previously vacant positions had been filled. Employment rose for the first time in three months, with manufacturing the only sector to see a fall in workforce numbers.

Higher staffing levels enabled companies to keep on top of workloads, as backlogs of work decreased for the second successive month in September.

Companies expanded their purchasing activity in line with

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 surged back into growth territory in September, brushing aside any concerns of an extended soft-patch as customer demand strengthened. After seeing GDP growth of 0.9% over the second quarter, the PMI data suggest a similarly-sized expansion for Q3."

higher output requirements and stronger customer demand. This also fed through to a second successive accumulation of stocks of purchases.

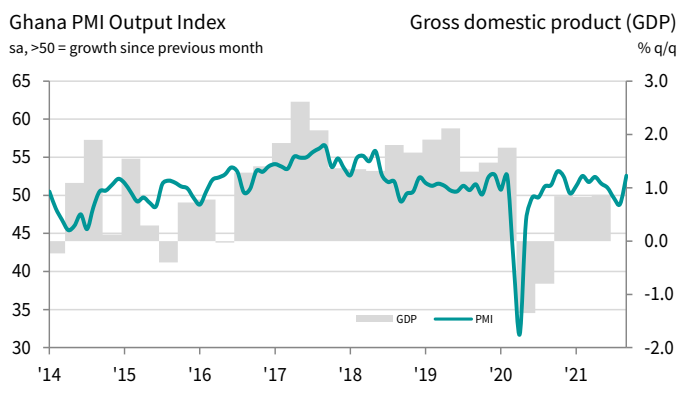
Efforts to secure inputs were helped by a shortening of suppliers' delivery times as vendors often responded well to requests for faster deliveries. In fact, lead times improved to the greatest extent since April 2014.

There were signs of inflationary pressures easing in September. Overall input costs rose at the softest pace since June 2020 as the rate of inflation eased for the second month running.

Purchase costs increased at a softer pace, but one that remained sharp nonetheless amid rising market prices for materials, currency weakness and higher freight costs. With living costs increasing, firms looked to raise employee pay, resulting in a fourteenth successive increase in staff costs.

The passing on of higher input costs to customers resulted in a further marked increase in selling prices, albeit one that was the softest in three months.

Hopes of improvements to economic conditions over the coming year supported optimism regarding the prospects for output growth, with sentiment improving from August. Two-thirds of respondents predicted a rise in output over the next 12 months.



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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.

Survey dates and history

September data were collected 13-28 September 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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