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## IHS MARKIT GHANA PMI®

### Output growth quickens to seven-month high

#### KEY FINDINGS

Sharper rises in output and new orders

Inflationary pressures soften

Job creation remains muted

The nascent recovery in Ghana's private sector gained momentum at the end of 2018, with business conditions improving to the greatest extent since June. This reflected solid increases in both output and new orders amid reports of improving client demand.

Meanwhile, there was a marked softening of inflationary pressures, with both input costs and output prices rising at much weaker rates than seen in November.

The headline seasonally adjusted PMI rose to 52.3 in December from 50.5 in November, signalling a solid monthly improvement in the health of the sector and one that was the most marked in six months.

In line with the headline figure, new orders increased for the third successive month in December. Moreover, the rate of growth was marked and the fastest since June. A number of panellists reported signs of improving demand in the private sector.

The strengthening demand picture fed through to a sharper rise in business activity, which increased for the second successive month following a two-month period of contraction in September and October.

There were signs that the pick-up in new order growth tested the capacity of companies in December as backlogs of work rose at the joint-fastest pace in the survey history.

Despite stronger increases in workloads, the rate of job creation remained muted, quickening only marginally from November's two-year low. There were some reports of a lack

PMI

sa, >50 = improvement since previous month



of funds to support hiring.

Rates of input cost and selling price inflation eased markedly in the final month of 2018. Overall input costs continued to rise sharply, but at the slowest pace since May as purchase price inflation was much weaker than that seen in November. Where purchase prices rose, panellists linked this to a range of factors including higher fuel costs, currency weakness and import duties. Staff costs, meanwhile, increased at a modest pace that was little-changed from the previous month.

Output prices continued to be raised in response to higher cost burdens. The rate of inflation slowed sharply, however, amid reports from panellists that discounts had been offered to attract customers in a competitive environment.

Purchasing activity rose at a sharp and accelerated pace during December in response to improving new orders. Stocks of purchases also rose markedly, with some respondents mentioning positive expectations regarding future demand prospects.

Overall business confidence remained strong at the end of the year, with sentiment broadly in line with the series average. Surveyed companies indicated that a more stable economy would be likely to support growth of new business and thereby output over the coming year.

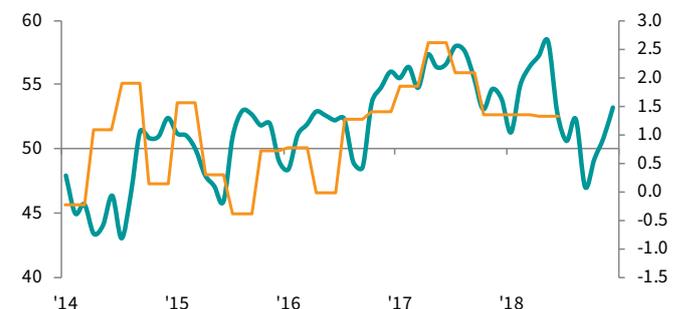
## COMMENT

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

*“There were further signs of encouragement for the Ghanaian economy in December as the recovery in demand gathered pace. The economy therefore carries some momentum through to the start of 2019. IHS Markit is forecasting GDP growth to remain solid at 6.2% in 2019 from a predicted 6.9% in 2018.”*

## Output Index

sa, >50 = growth since previous month



Sources: IHS Markit, Ghana Statistical Service.

## CONTACT

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### 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.

December 2018 data were collected 5-19 December 2018.

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

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