

## IHS MARKIT GHANA PMI®

### Output rises for third month running

#### KEY FINDINGS

Output increases, albeit at reduced pace

Stronger job creation to combat record rise in backlogs

Companies optimistic regarding year-ahead outlook

The Ghanaian private sector remained in growth territory at the start of 2019, although rates of expansion in new orders and business activity softened from December. The slowdown in output growth contributed to a record rise in backlogs of work, with companies increasing their staffing levels at a sharper pace as a result. Rates of inflation remained relatively muted during January.

The headline seasonally adjusted PMI posted 51.6 in January, down slightly from 52.3 in December and signalling a modest improvement in the health of the private sector. Business conditions have now strengthened in each of the past four months.

New business continued to rise in January, the fourth successive month in which growth has been recorded. That said, the rate of expansion softened and was only slight. Where new orders increased, panellists reported greater interest from clients, with good quality products helping them to secure new work.

Higher sales meant that Ghanaian firms raised output for the third month running. The rate of growth in business activity also eased at the start of the year, however.

The slowdown in the pace at which companies raised their output contributed to a marked accumulation of backlogs of work. Moreover, the pace of increase in outstanding business was the greatest since the survey began in January 2014. Backlogs have increased for seven consecutive months.

Efforts to limit the pace of backlog accumulation as well as respond to new work inflows led companies to raise their

PMI

sa, >50 = improvement since previous month



staffing levels at a faster pace in January. The rate of job creation was solid, and the most marked since July 2018.

Latest data signalled ongoing muted inflation across the private sector. Higher supplier charges meant that purchase prices increased at a marked pace, albeit one that was little-changed from December's six-month low and below the series average. Staff costs, meanwhile, increased modestly, albeit at the fastest pace in three months.

Higher input costs led companies to raise their selling prices for the ninth month running, with charges also increased to reflect product improvements. The rate of charge inflation picked up from that seen in December, but remained relatively modest.

Rising workloads and expectations of further demand improvements in coming months led to increases in both purchasing activity and inventories. Meanwhile, suppliers' delivery times continued to shorten.

Finally, business confidence improved slightly at the start of 2019, with companies strongly optimistic that output will rise over the coming year. Positive sentiment reflected hopes of improving economic conditions, business expansion plans and predicted improvements to productivity.

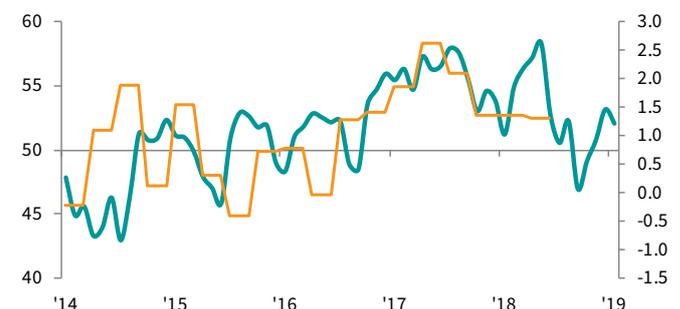
## COMMENT

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

*“Although rates of growth in output and new orders eased in January, the start of the year still saw a continuation of the recent recovery in the Ghanaian private sector following a slowdown in the second half of 2018. A record rise in backlogs of work suggests that companies will expand output again in February in order to get back on top of workloads, while also boding well for further job creation.”*

## 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.

January 2019 data were collected 11-29 January 2019.

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).