

IHS Markit Ghana PMI®

New orders rise for fourth month running

Key findings

Continued new order growth supports rise in activity

Second successive increase in employment

Issues with material supply lead to higher purchase costs

Data were collected 11-28 September 2020

The end of the third quarter of the year saw sustained improvements in business conditions in Ghana's private sector. New business continued to recover amid looser coronavirus disease 2019 (COVID-19) restrictions, while output, employment and purchasing activity all rose for the second month running.

The headline seasonally adjusted Ghana PMI® remained above the 50.0 no-change mark in September, ticking up to 51.4 from 51.2 in August. The reading signalled a second consecutive slight improvement in business conditions across the private sector, following a five-month period of decline.

Central to the overall strengthening of business conditions was a further rise in new orders. New business increased for the fourth successive month, and at a solid pace that was the fastest since February. Respondents signalled improvements in market demand amid looser COVID-19 restrictions.

Higher new orders fed through to expansions in a number of variables covered by the survey, including business activity, employment and input buying.

Business activity rose for the second month running, and at a solid pace that was broadly in line with that seen during August.

Rising workloads led firms to fill previously vacant positions and thereby register an increase in staffing levels. That said, the rate of job creation was slight.

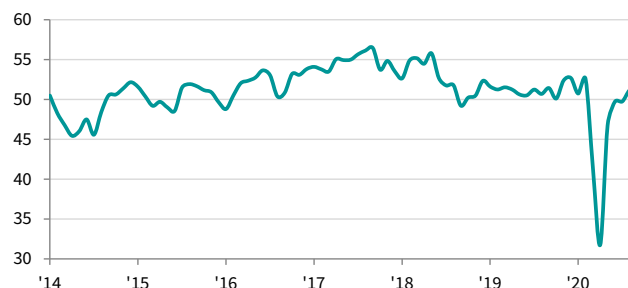
Despite higher employment, the sustained rise in new orders meant that backlogs of work increased for the second month running. Shortages of goods was also a factor behind the accumulation of outstanding business, according to respondents.

Material shortages also impacted the ability of firms to secure additional inputs. Purchasing activity increased for the second

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:

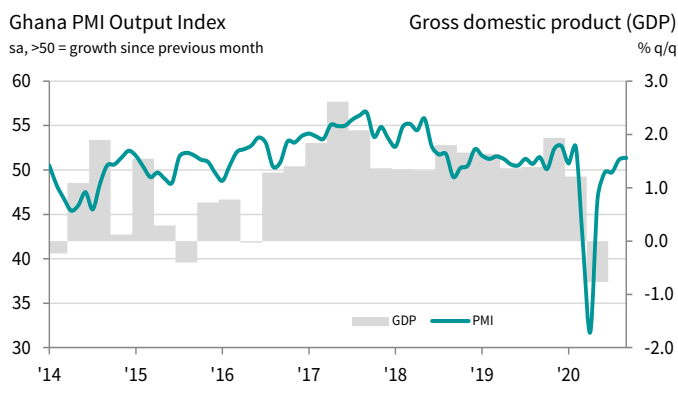
"The recovery in Ghana's private sector solidified in September, with further improvements in new orders supporting back-to-back increases in output and employment. These data suggest that a quarterly rise in GDP is likely in the third quarter of 2020, following the COVID-19 related contraction in the second quarter. That said, the extent of the disruption caused by the pandemic means that IHS Markit forecasts a fall in GDP of 1% in 2020."

month running, but stocks of inputs continued to fall, in part due to difficulties securing items. Suppliers' delivery times, meanwhile, lengthened marginally.

Supply issues, in some cases with items sourced from abroad, led to a further increase in purchase costs. The fourth consecutive rise in purchase prices was solid, albeit softer than in August. This drove inflation of overall input prices as staff costs rose only fractionally.

Output prices also increased, extending the current sequence of inflation to five months. Where charges were raised, panellists linked this to the passing on of higher cost burdens to their customers. That said, the rate of inflation was slight and softer than the series average.

Hopes of further improvements in new business and an end to the COVID-19 pandemic supported optimism among companies that business activity will rise over the coming year. Sentiment remained stronger than the series average, despite easing from the three-and-a-half year high seen in August.



Sources: IHS Markit, Ghana Statistical Service.

Contact

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

Katherine Smith
Public Relations
IHS Markit
T: +1 781 301 9311
katherine.smith@ihsmarkit.com

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 11-28 September 2020.

Survey data were first collected in January 2014.

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 © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@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.

ihsmarkit.com/products/pmi.html