

IHS Markit Ghana PMI®

Output continues to rise, but at softer rate

Key findings

Weaker growth of output and new orders amid elections

Rate of job creation accelerates

Output prices rise at fastest pace in 20 months

Data were collected 04-21 December 2020

Ghana's private sector ended 2020 in growth territory, although rates of expansion in output and new orders softened as some firms saw a pause in activity due to the elections. The rate of job creation quickened to a ten-month high.

Meanwhile, there were reports that material shortages caused disruption in the private sector, leading to delivery delays, rising backlogs of work and higher price pressures. Companies raised their own selling prices at the fastest pace since April 2019.

The headline seasonally adjusted Ghana PMI® fell to 50.3 in December, down from 52.5 in November. Although the reading remained above the 50.0 no-change mark, thereby signalling a strengthening of business conditions, the latest improvement was the softest in the current five-month sequence of expansion.

The slowdown in the rate of improvement in business conditions largely reflected weaker increases in output and new orders, in both cases due to a pause in work due to the elections. Anecdotal evidence suggested that underlying demand continued to improve, with some firms reporting greater customer numbers during the month.

Output growth was supported by a further increase in employment, with some panellists noting the filling of previously vacant positions. Staffing levels rose modestly, but to the greatest extent since just before the coronavirus disease 2019 (COVID-19) pandemic hit.

Despite further hiring, companies registered a marginal rise in backlogs of work amid difficulties securing materials.

Maize was mentioned in particular as being difficult to secure. These supply shortages also resulted in delivery delays at some companies, although suppliers' lead times were broadly unchanged overall.

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:

"Although PMI data showed growth slowing in Ghana's private sector in December, at least part of this easing can be attributed to a pause in activity due to the elections during the month. Reports from panellists were generally positive in terms of customer numbers, so we may see a rebound in growth in the January figures. Indeed, firms raised staffing levels to the greatest extent since February.

"Access to materials remained an issue at the end of the year, with maize often mentioned as being hard to acquire. This has started to lead to stronger inflationary pressures, with both purchase costs and output prices rising at the sharpest rates for over a year-and-a-half."

Stocks of purchases, meanwhile, fell solidly, despite a fifth successive monthly rise in purchasing activity.

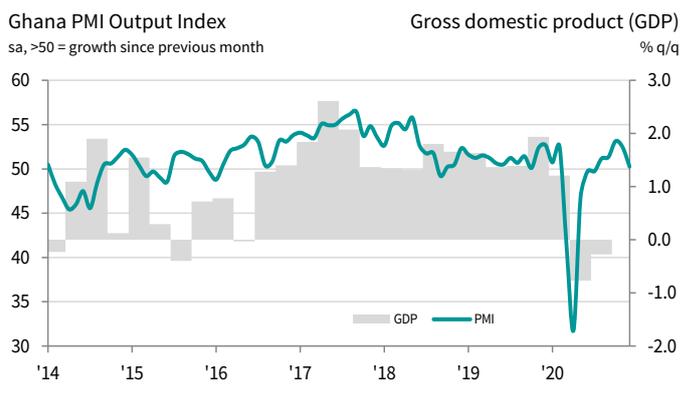
Overall input prices increased at the fastest pace in four months, with rates of inflation for both purchase prices and staff costs quickening in December.

Purchase prices rose sharply, and to the greatest extent in 19 months. Material shortages (again particularly for maize) were behind the increase in purchase costs, alongside currency weakness.

Staff costs increased at the fastest pace seen over the course of 2020, although the rate of inflation was still only modest.

With cost inflation accelerating, companies also increased their own selling prices at a faster pace. Charges rose solidly, and at the sharpest rate since April 2019. The latest rise in output prices was the eighth in as many months.

Business sentiment ticked higher, largely reflecting hopes that 2021 would see an improving business climate. More than three-quarters of panellists predicted a rise in activity over the coming year, with optimism above the average since the survey began in January 2014.



Contact

<p>Andrew Harker Economics Director IHS Markit T: +44-1491-461-016 andrew.harker@ihsmarkit.com</p>	<p>Katherine Smith Public Relations IHS Markit T: +1 781 301 9311 katherine.smith@ihsmarkit.com</p>
---	--

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

December data were collected 04-21 December 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 © 2021 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