

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 09:00 (Accra / UTC) July 5th 2018**

### Stanbic Bank Ghana PMI™

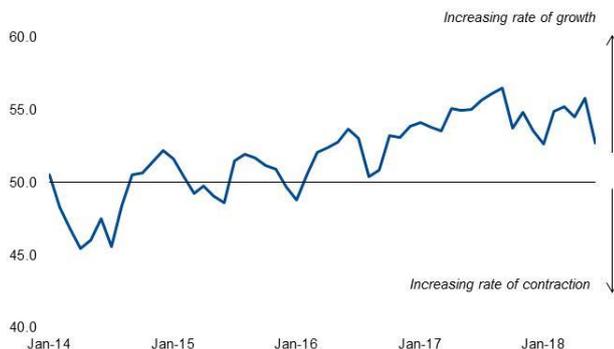
#### Output growth eases to five-month low

##### Data collected June 12-27

- Activity rises at much weaker pace in June
- Slower increases in new orders and employment
- Output prices rise for second month running

##### Stanbic Bank Ghana PMI

sa, 50 = no change on previous month



Sources: Stanbic Bank, IHS Markit.

Although business conditions in the Ghanaian private sector continued to improve in June, the rate of growth moderated from the sharp pace seen in the previous month. Output, new orders and employment all rose at weaker rates than in May. Meanwhile, there were signs of inflationary pressures increasing, with both input costs and output prices rising more quickly over the month.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

**Commenting on June's survey findings, Phumelele Mbiyo, Head of Africa Research at Standard Bank said:**

*"The PMI is still showing that the private sector is growing, having done so for 29 consecutive months. Businesses surveyed indicated that customer numbers and new orders were increasing, as were workloads, inventories and employment levels. Nonetheless, the drop in the PMI to 52.7 in June from 55.8 in May illustrated that the pace of growth decelerated. It is noticeable that there was some increase in inflation pressures. Staff costs accelerated, one set of factors precipitating the increase in inflation pressures. Input costs also rose in the month, with respondents attributing such an increase to the depreciation of the cedi and higher fuel prices. The PMI is broadly consistent with macroeconomic data that shows the economy growing strongly. The hint of pricing pressures indicated by the survey results might be confirmed by a deceleration in the pace of decline in actual consumer price inflation."*

##### The main findings of the June survey were as follows:

The headline PMI posted 52.7 in June, signalling a solid monthly improvement in business conditions for Ghanaian companies. That said, down from 55.8 in May, the reading pointed to the weakest strengthening in the health of the private sector since January. Operating conditions have now improved in each of the past 29 months.

The rate of output growth slowed sharply in June and was the weakest since January. That said, activity has now increased in each of the past 21 months and the latest expansion was still solid. Panellists linked higher activity to greater customer numbers and rising new orders.

Rising customer volumes were also behind an increase in new orders, which expanded markedly. That said, the rate of growth was the slowest in the year-to-date.

With workloads continuing to rise, companies increased their staffing levels. This enabled backlog clearance, with outstanding business declining for the first time in three months and to the greatest extent since last October.

As was the case with output, new orders and employment, the rate of growth in purchasing activity moderated in June. The latest increase in input buying was the weakest since February 2016. Meanwhile, stocks of purchases rose solidly, reflecting improved demand and confidence regarding future new business receipts.

There were signs of inflationary pressures returning at the end of the second quarter. Both purchase prices and staff costs rose at sharper rates in June. According to respondents, purchase prices increased due to higher fuel costs and a depreciation of the cedi against the US dollar. That said, the rate of overall input cost inflation was still weaker than the series average.

Companies responded to higher input costs by raising their output prices, the second successive month in which this has been the case. Although quickening from May, the rate of inflation remained modest.

-Ends-

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#### **Note to Editors:**

The Stanbic Bank Ghana Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Ghanaian economy, including agriculture, construction, industry, services and wholesale & retail. The panel is stratified by GDP and company workforce size. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the summary unadjusted and seasonally adjusted values. The unadjusted summary value is calculated as the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual sub-components with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Suppliers' Delivery Times sub-component inverted so that it moves in a comparable direction.

The headline PMI and individual summary values for each question have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. A reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

#### **About Stanbic Bank Ghana**

Stanbic Bank Ghana is part of the Standard Bank Group, Africa's largest bank by assets.

Standard Bank Group reported total assets of about USD143 billion at 31 December 2016, while its market capitalisation was about USD 18 billion.

The group has direct, on-the-ground representation in 20 African countries. Standard Bank Group has over 1 200 branches and more than 8 800 ATMs in Africa, making it one of the largest banking networks on the continent. It provides global connections backed by deep insights into the countries where it operates.

Stanbic Bank Ghana provides the full spectrum of financial services. Its Corporate & Investment Banking division serves a wide range of requirements for banking, finance, trading, investment, risk management and advisory services. Corporate & Investment Banking delivers this comprehensive range of products and services relating to: investment banking; global markets; and global transactional products and services.

Stanbic Bank Ghana's personal & business banking unit offers banking and other financial services to individuals and small-to-medium enterprises. This unit serves the increasing need among Africa's small business and individual customers for banking products that can meet their shifting expectations and growing wealth.

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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 <https://ihsmarkit.com/products/pmi.html>.

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