

IHS Markit Ghana PMI®

Job creation at 22-month high amid rising workloads

Key findings

Sharpest increase in employment since onset of COVID-19 pandemic

Faster increases in output and new orders

Price pressures remain marked

Data were collected 06-21 December 2021

The Ghanaian private sector ended 2021 on a positive note as December saw accelerated increases in output, new orders and employment. Firms were also confident in the outlook for activity over the coming year. Meanwhile, inflationary pressures remained marked, with higher input costs feeding through to increases in selling prices.

The headline seasonally adjusted Ghana PMI® rose to a three-month high of 51.8 in December from 51.0 in November. The reading signalled a modest improvement in the health of the private sector, and extended the current sequence of expansion to four months.

There were widespread reports of improving customer demand in December, which fed through to increases in both output and new orders. New business rose for the fourth month running, and at a solid pace that was the sharpest since September. Business activity was also up for the fourth consecutive month.

Growth of new business imparted some pressure on operating capacity at the end of the year. As a result, backlogs of work increased for the first time in five months. That said, the rate of accumulation was only marginal as firms made efforts to keep on top of workloads.

These efforts were characterised by further hiring and expanded purchasing activity. Employment increased at a solid pace, with the rate of job creation quickening for the third month running to the strongest since February 2020. Some firms indicated that they had been able to fill previously vacant positions. The rate of growth in input buying, meanwhile, was the most marked in 14 months.

Despite higher purchasing and shorter delivery times as suppliers responded well to requests, stocks of purchases

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:

"Ghana's private sector moves into 2022 with growth building momentum. Particularly encouraging was the trend in employment in December, with firms hiring staff to the greatest extent since the COVID-19 pandemic began as they remain confident regarding workloads in the year to come. While the near-term outlook appears relatively rosy, the COVID-19 pandemic still has the potential to throw things off course, particularly given the emergence of the Omicron variant."

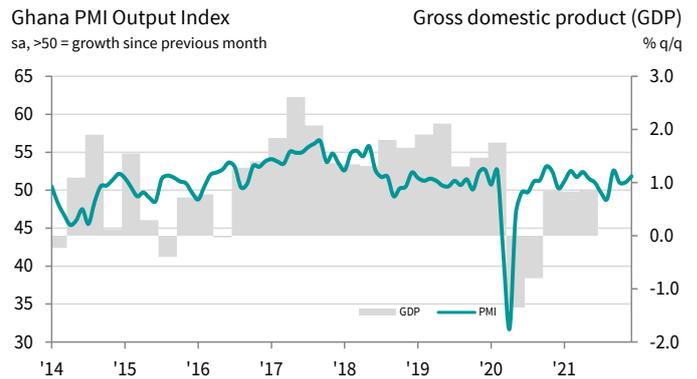
decreased for the second time in the past three months. Higher prices for inputs meant that firms were reluctant to stockpile items and opted to simply purchase those inputs necessary to support activity.

Purchase costs continued to rise sharply in December, with the rate of inflation posting above the average for 2021 as a whole. Higher fuel prices, currency weakness and increases in costs for raw materials all added to purchase prices, according to respondents.

Staff costs also rose amid hiring activity and upwards revisions to pay in line with increasing workloads.

With input costs continuing to rise sharply, companies increased their own selling prices accordingly. Charge inflation was recorded for the twentieth consecutive month, with the latest rise above the series average.

Looking ahead, firms expect demand improvements to continue over the course of 2022, supporting confidence in the outlook for business activity. Hopes that the COVID-19 pandemic will remain under control also contributed to optimism. Sentiment dipped from November but was still in line with the series average.



Sources: IHS Markit, Ghana Statistical Service.

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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 06-21 December 2021.

Survey data were first collected in January 2014.

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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.

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