

News Release

Embargoed until 0900 GMT (0900 UTC) 5 May 2022

S&P Global Ghana PMI[®]

Demand hard-hit by intensifying inflationary pressures

Key findings

Output and new orders fall, although at a softer pace

Delivery times improve at near-record rate

Overall input price inflation quickens to seven-and-a-half year high

The start of the second quarter of 2022 pointed to a third consecutive deterioration in business conditions in Ghana's private sector. That said, there were softer reductions in both output and new orders while headcounts continued to expand. Positives could also be drawn from a near-record improvement in delivery times, which helped underpin a renewed uptick in buying activity.

However, the main drag on demand continued to stem from the intensification of inflationary pressures. Overall input price inflation quickened to the highest since September 2014, while output charges were raised at a marked pace.

The S&P Global Ghana Purchasing Managers' Index™ (PMI[®]) posted below the neutral value of 50.0 for the third month in succession, indicating a deterioration in business conditions. At 48.3 in April, up from 47.2, the latest deterioration softened from March, and was modest overall.

Demand for Ghanaian goods and services faltered once again, amid reports of rising prices. There were signs of a movement towards stability, however, with new orders falling at a softer pace in April.

A similar trend was seen with regards to output. Cash shortages and weak demand led to a solid, albeit softer, decline in output.

Despite falls in output and new orders, firms raised their headcounts for the eighth month in succession. The rate of growth was quicker than the long-run series average, and broadly in line with that seen in March. Firms reportedly raised headcounts ahead of business expansions.

Continued falls in new work paired with sustained employment growth resulted in spare capacity at Ghanaian companies. Backlogs fell solidly, and for the fourth month in a row.

Vendor performance improved for the ninth month in succession during April. In fact, the extent to which lead

S&P Global Ghana PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 11 - 27 April 2022.

Comment

Shreeya Patel, Economist at S&P Global, said:

"April PMI data revealed a third successive monthly deterioration in business conditions in Ghana's private sector. That said, the reduction was only marginal and softened from March indicating a movement towards stability. At the same time, firms were optimistic that their situation would improve in the coming months and responded by lifting their headcounts."

"At the heart of the latest contraction was weak demand for Ghanaian goods and services. Once again, rampant price hikes forced customers away from placing orders. The war in Ukraine exacerbated issues, with anecdotal evidence often indicating higher prices for fuel, transportation and commodities in April."

"In order to encourage demand, firms in Ghana may have to resort to discounting, which comes at the cost of profit margins. For now, steep inflationary pressures remain the largest threat to Ghanaian firms."

PMI[®]

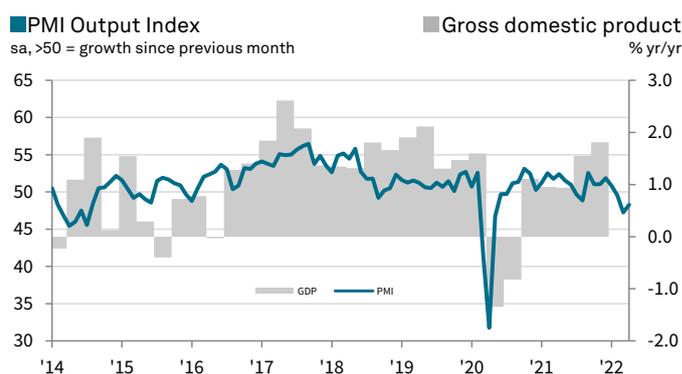
by S&P Global

times shortened was the second-quickest in the series history. Firms reported that larger workforces at suppliers, fewer pandemic-related restrictions and relatively weak demand for inputs helped speed up deliveries.

Subsequently, quantity of purchases rose for the first time since the start of the year. The rate of growth was marginal, however, with some firms reporting that subdued demand weighed on growth. In contrast, input inventories fell for the fifth month in succession, though the pace of decline was only slight.

Geopolitical tensions, rising material prices and global shortages led to an intensification of cost pressures in April. Purchase price inflation quickened to a seven-and-a-half year high which respondents linked to higher fuel, commodity and transportation costs. Unfavourable exchange rate movements against the dollar were also mentioned. As a result, firms raised staff wages in response to greater living expenses. Overall input price inflation quickened to the highest since September 2014 and was amongst the sharpest in the series history.

Looking ahead, business confidence rebounded to the highest for three months. Firms reported hopes for new client wins, an end to international COVID-19 restrictions, and an improvement in demand. Some businesses also reported plans to expand their operations over the next 12 months.



Contact

Shreeya Patel
Economist
S&P Global
T: +44-134-432-8196
shreeya.patel1@spglobal.com

Joanna Vickers
Corporate Communications
S&P Global
T: +44207-260-2234
joanna.vickers@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The S&P Global Ghana PMI™ is compiled by S&P Global 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. Data were first collected January 2014.

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global 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 and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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