

IHS Markit Ghana PMI®

Unprecedented decline in output

Key findings

Severe falls in output and new orders

Rate of job cuts remains sharp

Input costs and output prices fall further

April data were collected 07-28 April 2020.

The economic downturn in Ghana as a result of the coronavirus disease 2019 (COVID-19) pandemic intensified in April, with declines in output, new orders and purchasing activity much steeper than those recorded in March. Staffing levels, meanwhile, were scaled back to a similar extent as in the previous month.

Falling demand across the private sector had a further deflationary impact, with both input costs and output prices falling sharply again.

The headline seasonally adjusted Ghana PMI® sank to a new record low of 31.7 in April, well below the previous record of 41.4 posted in March.

Several of the indices covered by the survey hit new record lows during the month, most notably output and new orders. The decrease in business activity was severe and largely reflected the COVID-19 pandemic, with a number of respondents indicating that they had closed down during the lockdown. Around 73% of panellists signalled a reduction in output since March.

In line with the picture for output, a collapse in new orders was recorded. Some panellists even reported having received no new contracts during the month. A lack of new work contributed to a further steep decline in backlogs of work. Moreover, outstanding business decreased at the sharpest pace since the survey began in January 2014.

Employment fell substantially for the second month running amid lower workloads and efforts to comply with social distancing rules in the workplace. The rate of job cuts was broadly in line with that seen in March.

With output requirements much reduced, firms scaled back their purchasing activity and inventory holdings at unprecedented rates.

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:

"If the PMI readings in the March survey were bad, then the April figures are truly terrible and go way beyond anything seen before in more than six years of data collection. The impacts of COVID-19 and lockdowns to try and prevent its spread were particularly severe on output and new orders, with a number of firms closed completely. One relative bright-spot was employment where the rate of job cuts was broadly stable as opposed to seeing the sort of strong accelerations witnessed for output and new orders.

"With the lockdown now starting to be eased, some firms see this as a chance to start returning to normal. This optimistic view is not shared by all, however, with other companies fearful of how long the effects of the pandemic will last."

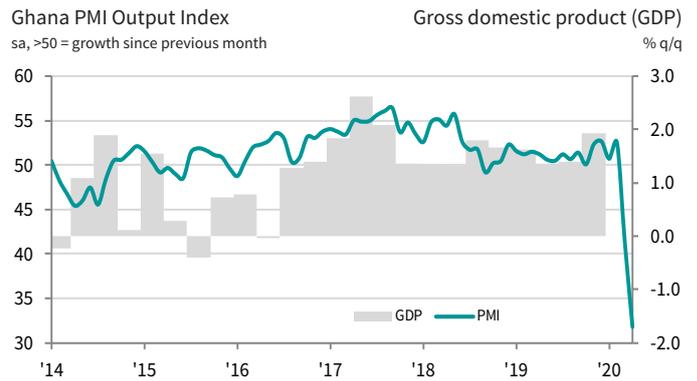
Meanwhile, those companies that did purchase items found that suppliers' delivery times lengthened considerably. Company shutdowns and travel restrictions as part of the lockdown were reportedly behind delays to deliveries.

Overall input prices continued to fall, down for the second month running in April amid reductions in both purchase prices and staff costs.

Purchase costs fell on the back of reduced demand for inputs, with the rate of decline little-changed from that seen in March. Meanwhile, reduced employment contributed to lower staff costs.

Decreases in output prices also continued in April, with lower input costs enabling firms to reduce their selling prices in an effort to secure new business. Although solid, the reduction in output prices was softer than that seen in the previous month.

Business confidence picked up in April, after having slumped in March. Those firms that foresee a rise in output over the coming year generally expect a return to growth following the end of the lockdown. On the other hand, a number of panellists remained concerned that the negative impacts of COVID-19 will be prolonged.



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

April data were collected 07-28 April 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