IHS Markit Ghana PMI®

Output growth at 18-month high

Key findings

Solid increase in business activity in November

New orders return to growth

Renewed rises in purchasing and inventories recorded

Ghana PMI
sa, >50 = improvement since previous month

Source: IHS Markit.

The Ghanaian private sector saw a pick-up in growth during November. New orders returned to expansion following a dip in October, helping support sharper increases in business activity and employment. Companies also raised their purchasing activity and inventories amid expectations that further improvements in demand will occur in the coming months.

The headline seasonally adjusted Ghana PMI® rose to 52.4 in November, from 50.1 in October. This signalled a solid monthly improvement in business conditions, and one that was the most marked in the current 14-month sequence of expansion.

After falling for the first time in just over a year in October, new business returned to growth in November. Panellists reported signs of improving demand and indicated that customer recommendations had helped them to secure greater volumes of new business. Moreover, the rise in new orders was solid, and the fastest in the year-to-date.

The rebound in new orders had positive impacts throughout the private sector in November. Faster increases in business activity and employment were recorded, while purchasing activity and inventories returned to growth.

The expansion in output was solid and the sharpest for a year-and-a-half. There were some reports that good quality products and services had helped lead to the rise.

The rate of job creation, meanwhile, was the quickest in ten months. Employment has increased continuously since September 2016. Despite this increase in operating capacity, backlogs of work continued to rise at a solid pace, largely reflective of new order growth but also linked to delays at ports.

Both purchasing activity and stocks of inputs rose modestly during November following falls in October. Anecdotal evidence

Comment

Commenting on the latest survey results, Andrew Harker, Associate Director at IHS Markit, said:

"Last month we surmised that the fall in new orders may have just been a weather-related blip and this does appear to have been the case as a solid rebound in new business was recorded in November. The expansion in new work breathed life through the private sector, leading to the strongest rise in output for a year-and-a-half and renewed growth of purchasing. In fact, there were a number of reports of positive expectations for new orders in the near-term, providing optimism that the Ghanaian economy can finish 2019 on a positive note."

PMI®
By IHS Markit

indicated that firms not only increased their demand for inputs in response to higher new orders, but also the expectation of further improvements in coming months.

Business sentiment was unchanged from the previous month, with companies remaining optimistic that output will increase over the coming year. Good quality products are expected to help lead to rises in new orders, while output growth is also set to be supported by improvements in economic conditions and business expansion plans.

Purchase prices increased at a marked pace, and one that was broadly in line with that seen in the previous month. Currency weakness reportedly contributed to the increase in cost burdens. Some panellists signalled higher maize prices due to supply shortages. Meanwhile, staff costs also increased, albeit only modestly.

The passing on of higher input prices to customers resulted in a nineteenth successive monthly rise in charges. The rate of inflation was muted, but quickened fractionally to the fastest since May.

Ghana PMI Output Index
sa, >50 = growth since previous month

Gross domestic product (GDP)
% yr/yr
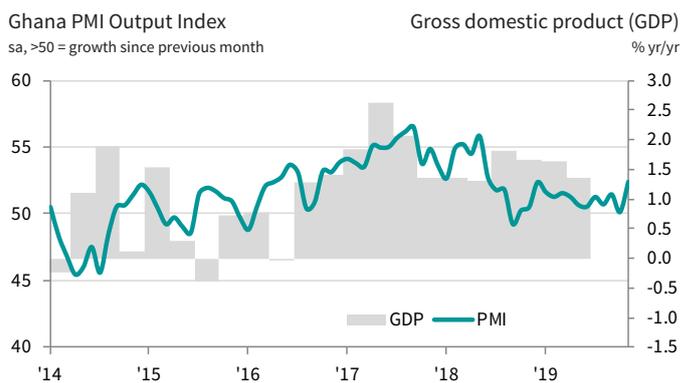
Sources: IHS Markit, Ghana Statistical Service.

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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

November data were collected 12-27 November 2019.

Survey data were first collected in January 2014.

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.

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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 ihsmarkit.com/products/pmi.html.