

News Release

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S&P Global Ghana PMI[®]

New orders up solidly again in June

Key findings

Further expansions in output and new orders

Cost inflation at three-year low

Strong improvement in supplier performance

As the inflationary environment continued to cool, Ghana's private sector remained in growth territory at the end of the second quarter of 2023. Output and new orders rose again, albeit at softer rates, with employment and purchasing activity also up. Meanwhile, business confidence hit a five-month high.

Softer inflationary pressures were evident with regards to both input costs and output prices, with rates of increase in each easing for the seventh month running.

The S&P Global Ghana Purchasing Managers' Index™ (PMI[®]) remained above the 50.0 no-change mark in June and therefore signalled a further improvement in business conditions in the private sector, the fifth in as many months. That said, the index dipped to 50.4 from 51.3 in May, indicating a softer and only marginal strengthening of operating conditions.

In line with the picture painted by the headline index in June, both output and new orders rose at slower rates at the midway point of the year. The rise in activity was the joint-weakest in the current five-month sequence of expansion. Where output rose, this was linked to higher new orders and weaker inflationary pressures.

Slower inflation also supported continued growth of new business, which increased solidly again in June. New orders have now risen in each of the past five months.

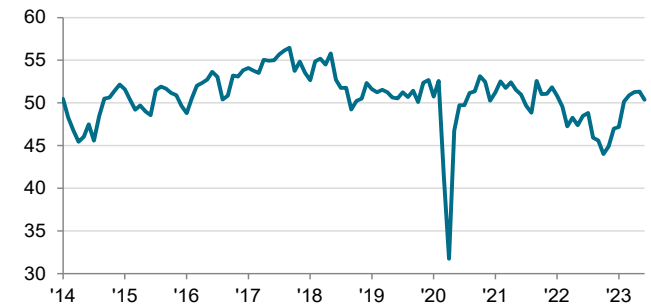
Softer inflationary pressures were evident with regards to both input costs and output prices in June.

Overall input prices increased at the slowest pace in three years, with both purchase prices and staff costs rising at weaker rates. Purchase price inflation softened amid relatively stable exchange rates. Meanwhile, wage increases generally reflected efforts by companies to help employees with higher living costs.

Weaker rises in input costs fed through to a softer increase

S&P Global Ghana PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-28 June 2023.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"Although there were some signs of economic growth in Ghana losing momentum in June, there shouldn't be too much cause for alarm as output and new orders each increased again at the end of the second quarter."

"Indeed, a key support to the recovery (a softening of inflationary pressures) showed no signs of coming to an end, with the rate of input cost inflation easing to a three-year low."

"The private sector therefore appears to be in a solid position heading into the second half of the year."

PMI[®]

by S&P Global

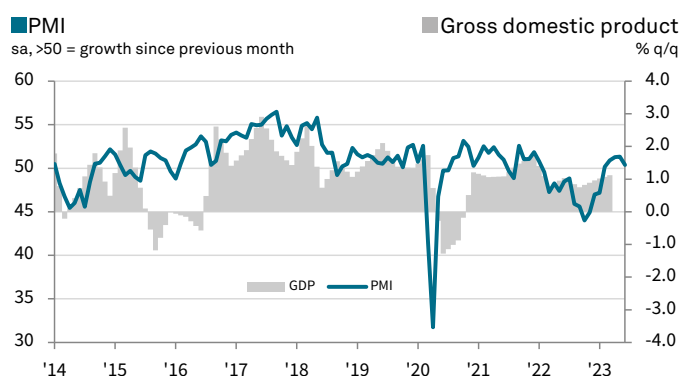
in selling prices. The rate of output price inflation eased for the seventh month running to the weakest since February 2021.

Stability, not only of exchange rates, but inflation in general and wider economic conditions, supported confidence in the year-ahead outlook for business activity. Confidence strengthened to the highest since January.

Employment increased for the seventh successive month in June as companies responded to new order growth. That said, cost considerations meant that the rate of job creation was only marginal and the slowest in the year-to-date.

Purchasing activity was also up, and at a solid pace that was the second-fastest since October 2020. In turn, stocks of purchases accumulated, with firms' efforts to secure inputs helped by a near-record improvement in vendor performance. Suppliers' delivery times shortened amid better availability of materials and competition among vendors.

Increased capacity meant that companies were able to deplete backlogs of work at a solid pace, with the rate of depletion the sharpest in 2023 so far.



Sources: S&P Global PMI, Ghana Statistical Service via S&P Global Market Intelligence.

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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.

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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