

News Release

Embargoed until 0900 GMT (0900 UTC) 3 June 2022

S&P Global Ghana PMI[®]

Record uptick in selling prices weighs on demand in May

Key findings

Output and new orders fall at accelerated pace

Output price inflation quickens to fresh series high

Vendor performance improves to second-greatest extent on record

May PMI[®] data for Ghana pointed to a fourth successive monthly deterioration in business conditions as output fell at the quickest rate for just over two years and new orders declined for the third month in a row. A record uplift in selling prices discouraged customers from placing orders in May and deterred firms from purchasing inputs. Subsequently, there was little pressure on supply chains with lead times shortening to the second-greatest extent in the series history. Firms remained optimistic, however, and continued to hire staff amid hopes that demand conditions would improve over the next 12 months.

The S&P Global Ghana Purchasing Managers' Index[™] (PMI[®]) posted below the neutral value of 50.0 for the fourth month in succession, indicating a deterioration in business conditions. At 47.4 in May down from 48.3 in April, the latest decline quickened from that seen in the previous survey period.

Demand for Ghanaian goods and services fell modestly in May. According to panel comments, price hikes deterred customers from placing orders.

Output fell sharply and at the quickest pace for 25 months. Firms indicated that while vendor performance was adequate, shortages of some key inputs and higher prices for fuel led to the latest contraction. The rate of decline was the third-strongest in the series, surpassed only by those seen during the onset of the pandemic in March and April 2020.

All five monitored sub-sectors registered a contraction in output. Agriculture recorded the steepest fall, followed by wholesale & retail, construction, services and manufacturing, respectively.

Sustained reductions in output and new orders led firms to scale back their buying activity. Companies have reduced their purchases three times over the last four months with the latest reduction modest overall. Stocks of inputs reduced marginally, and for the sixth month in succession.

S&P Global Ghana PMI

sa, >50 = improvement since previous month



Source: S&P Global.
Data were collected 12-27 May 2022.

Comment

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

"Growth in Ghana's private sector was once again impeded by severe cost pressures, often deterring customers from placing orders. Output, however, fell at a particularly sharp rate reflecting global supply issues for some key inputs. Surging energy costs also led companies to scale back their output levels. Record rates of output price inflation only added to the dire demand situation.

"However, there were also positives from the latest data, most notably firms' commitments towards boosting staffing levels. Headcounts rose at the strongest rate in three months despite a slowdown in demand.

"While there were some concerns of shortages, firms on the whole seem to be receiving inputs in a timely manner. For now, companies will hope that costs, particularly for fuel, subside though this is unlikely given the intensification of geopolitical and supply issues."

PMI[®]

by S&P Global

Steep cost pressures also weighed heavily on purchasing activity. Global price pressures were exacerbated by geopolitical issues, with respondents often mentioning higher prices for fuel, transportation and raw materials. There were also mentions of unfavourable exchange rate movements against the US dollar.

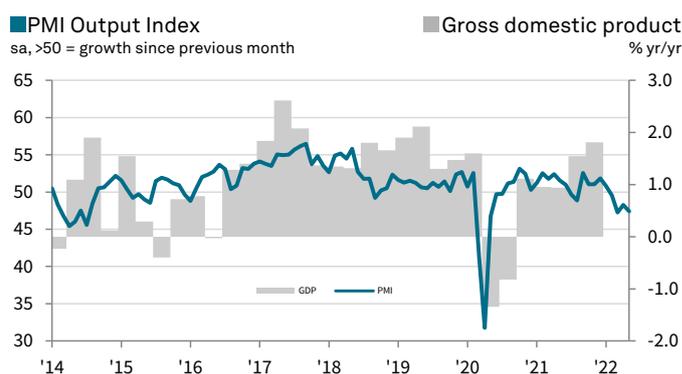
Firms raised their staff wages amid a general uptick in expenses in May. Subsequently, overall input price inflation picked-up to a more than seven-and-a-half-year high.

Mounting costs led companies in Ghana to raise their selling charges at the quickest rate in the series history.

The intensification of inflationary pressures resulted in a moderation in sentiment from April. Nevertheless, firms were optimistic that price pressures would subside in the coming 12 months, leading to growth of activity.

On a more positive note, companies continued to hire additional staff. Moreover, the rate of employment growth was the strongest for three months, despite a solid decline in backlogs.

The picture for vendor performance was also encouraging with lead times improving for the tenth month running. In fact, vendor performance improved to the second-greatest extent in the series history.



Sources: S&P Global, Ghana Statistical Service.

Contact

Shreeya Patel
Economist
S&P Global Market Intelligence
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