

# News Release

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## S&P Global Ghana PMI<sup>®</sup>

### Output growth hits 28-month high in August

#### Key findings

Sharper increases in output and new orders

Weakest rise in selling prices since November 2020

Employment up for ninth month running

Ghana's private sector continued to register improving business conditions in August. Moreover, growth gained momentum over the month, with sharper increases in output, new orders and employment all recorded.

Firms were helped by cost pressures remaining relatively muted, despite intensifying slightly in August. Selling price inflation, meanwhile, eased further and was the weakest since November 2020.

The S&P Global Ghana Purchasing Managers' Index™ (PMI<sup>®</sup>) was above the 50.0 no-change mark for the seventh month running during August, and rose to 51.9 from 50.5 in July to signal a sharper rate of improvement in the health of the private sector. In fact, business conditions strengthened to the greatest extent in just under two years.

August saw a solid monthly increase in business activity in Ghana's private sector, with the rate of expansion hitting a 28-month high. Output has now risen in each of the past seven months, with the latest increase linked to muted price pressures and stronger customer demand.

Although purchase prices increased at the fastest pace in three months during August, the rate of inflation was still much softer than seen in late-2022 and early-2023. Meanwhile, the pace at which staff costs increased eased for the fifth consecutive month and was the weakest in two-and-a-half years.

The recent easing of cost inflation provided space for some companies to lower their selling prices. Although output charges continued to rise overall, the latest increase was only marginal and the least pronounced since November 2020.

Softer selling price inflation helped firms to secure new business in August, leading to a seventh successive monthly rise in new orders. Moreover, the rate of growth was solid and the sharpest in three months.

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sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-29 August 2023.

#### Comment

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

"Growth in Ghana's private sector gained strength midway through the third quarter, boding well for a solid improvement in Q3 GDP should momentum be maintained through to September.

"Although there were some signs of cost pressures picking up in August, inflation remained much softer than was seen earlier this year and towards the end of 2022, again providing space for some firms to offer discounts to customers. With charges rising to the least extent since November 2020, clients were increasingly keen to commit to new orders, giving firms the confidence to ramp up activity accordingly. Should the relative stability in prices and the exchange rate continue, we can expect further growth in the months ahead."

PMI<sup>®</sup>

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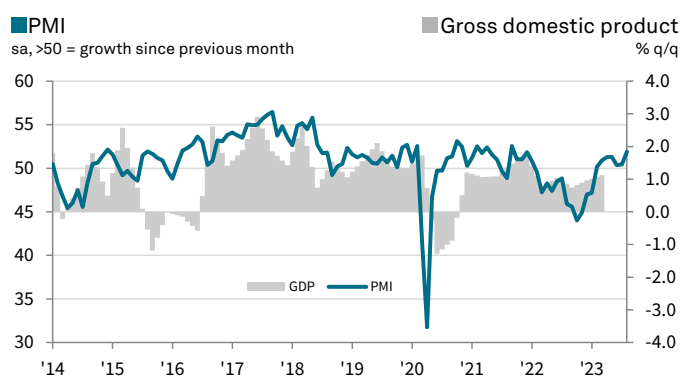
Rising new orders encouraged companies to increase staffing levels in August, with the filling of vacancies adding to workforce numbers. Job creation was recorded for the ninth month running. Although modest, the rise in employment was the most marked since April.

Sustained hiring enabled companies to keep on top of workloads, despite a pick-up in new order growth. Backlogs of work continued to decrease at a solid pace.

Higher new orders and better affordability of inputs led to a further increase in purchasing activity. Moreover, the rate of expansion was marked, and the fastest since the end of 2018. In turn, stocks of purchases accumulated to the greatest extent since May 2018.

Suppliers' delivery times continued to shorten markedly in August, with the rate of improvement in vendor performance only marginally weaker than the series record posted in the previous survey period. Respondents often attributed faster deliveries by suppliers to prompt payments.

Predictions of a relatively stable price and exchange rate environment were central to ongoing optimism in the year-ahead outlook for business activity in August. Higher new orders are also set to support output growth. More than 72% of respondents predicted a rise in activity over the coming year. Optimism was stronger than the series average, but dropped to a four-month low.



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](mailto:economics@ihsmarkit.com).

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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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)