

# News Release

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## S&P Global Ghana PMI<sup>®</sup>

### Output rises for first time in 14 months

#### Key findings

Renewed expansions in output and new orders

Selling price inflation at 14-month low

Employment increases for third month running

February data signalled a renewed improvement in business conditions across Ghana's private sector, thereby ending a one-year period of deterioration. Softer price pressures helped lead to a revival of demand, supporting expansions in both new orders and business activity. Companies also increased their staffing levels, and for the third month running.

The S&P Global Ghana Purchasing Managers' Index™ (PMI<sup>®</sup>) moved back above the 50.0 no-change mark during February, posting 50.2 from 47.2 in January. The index signalled a first strengthening in the health of the private sector in just over a year, albeit one that was only marginal overall.

Both output and new orders returned to growth in February, rising for the first time in 14 and 12 months respectively. In both cases the increases were slight as economic conditions remained challenging. Where improvements were signalled, panellists often attributed this to softer inflationary pressures.

Overall input costs increased at the slowest pace for a year, albeit one that was still marked as both purchase prices and staff costs rose.

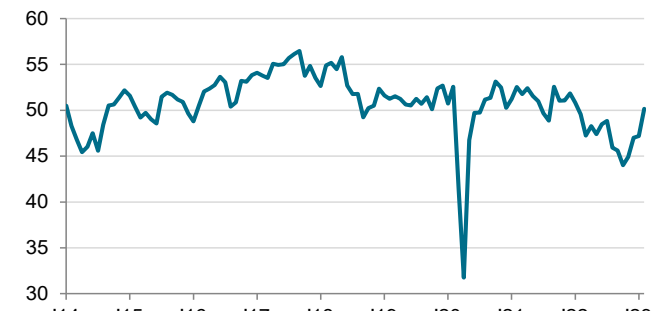
Higher purchase costs often reflected currency weakness, but the rate of inflation eased to a two-year low in February. Bucking the wider trend, staff costs increased at the fastest pace in three months as companies acted to help their workers through a period of rising living costs.

Companies often passed higher input costs on to their customers, but softer inflationary pressures meant that in some cases they were able to offer discounts to attempt to stimulate demand. As a result, the rate of output price inflation eased for the third consecutive month to the slowest since December 2021.

Hopes that cost pressures will continue to soften and that economic conditions will improve supported confidence

S&P Global Ghana PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 10-24 February 2023.

#### Comment

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

*"Ghana's private sector was in recovery mode in February as the latest PMI data signalled renewed increases in output and new orders as inflationary pressures softened - selling prices rose at the slowest pace since the end of 2021."*

*"Economic conditions remain challenging, however, and firms will need to see inflation continue to come down if the recovery is to be sustained in the months ahead."*

PMI<sup>®</sup>

by S&P Global

in the 12-month outlook for business activity. That said, sentiment eased from the one-year high seen in January to the weakest in three months.

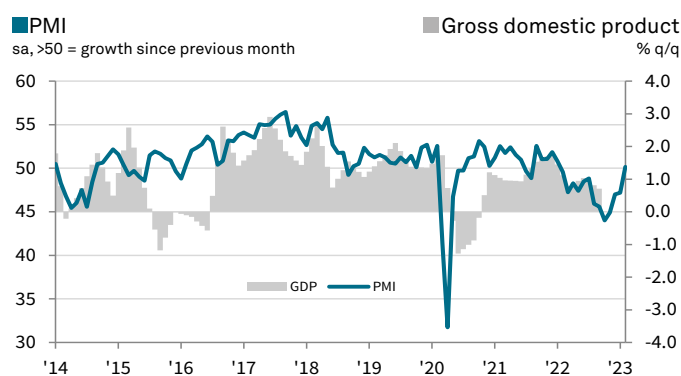
Higher new orders and the filling of previously vacant positions meant that employment increased again in February. The rate of job creation was slight, but quickened for the second month running to the fastest since June last year.

The rise in employment came amid some signs that capacity could soon come under pressure. Firms continued to be able to deplete backlogs, but the latest reduction was the smallest in the current 14-month sequence of falling outstanding business.

Rising demand and the prospect of further improvements in the coming months led companies to expand their stocks of purchases, ending a 14-month sequence of depletion. Moreover, the rise in inventories was solid and the fastest since September 2021.

With inventories up, companies generally judged that their holdings of inputs were sufficient for current workloads. This, allied with cost pressures, resulted in a further decrease in purchasing activity, albeit one that was only marginal and the softest in seven months.

Meanwhile, suppliers' delivery times continued to shorten, extending the current sequence of improving vendor performance to 19 months. The latest shortening of lead times was the most pronounced since September last year, with companies attributing quicker deliveries to competition among suppliers and prompt payments.



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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)