

# News Release

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## S&P Global Ghana PMI<sup>®</sup>

### Business conditions continue to decline

#### Key findings

Output and new orders fall only fractionally in July

Lead times shorten at greatest extent in survey history

Renewed decline in staffing levels

July PMI<sup>®</sup> data for Ghana pointed to a sixth successive monthly deterioration in business conditions as new orders and output fell once again. Sustained declines in activity and subsequent reductions in backlogs led firms to cut their headcounts for the first time in 11 months. That said, output and new orders fell only slightly, and at the softest rates for seven and five months, respectively. Firms meanwhile maintained an optimistic view towards output amid hopes that global economic conditions would improve.

Turning to prices, overall input costs continued to increase sharply amid higher fuel and raw material prices. Although, the rate of inflation eased notably from June and was the weakest since February. Selling prices also rose at a softer pace with the rate of increase easing to a five-month low in July.

The S&P Global Ghana Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) posted below the neutral value of 50.0 for the sixth month in succession indicating a deterioration in business conditions. At 48.8 in July, up from 48.5 in June, the latest decline eased from that seen in the previous survey period and was the weakest for five months.

Output fell again in July; a trend observed since the start of the year. The overall rate of contraction was fractional, however, and the weakest in the current seven-month sequence of decline. Firms continued to report weak demand conditions, though some respondents reported that price pressures started to moderate.

Similarly, companies registered a slight fall in new orders at the start of the third quarter. The rate of decline was fractional overall, and the weakest for five months. Firms reported that subdued market conditions curbed new business.

After expanding in each of the previous ten months, staffing levels at Ghanaian firms fell in July. The rate of decline was marginal, however. Despite a drop in headcounts, firms noted

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sa, >50 = improvement since previous month



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

#### Comment

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

*"Latest data indicated another decline in Ghanaian private sector activity, with the PMI deteriorating for the sixth month running. However, there were signs that demand conditions were on the verge of recovery with new orders falling only slightly during the month. This was no doubt helped by softening rates of inflation which were still elevated, but the weakest for five months."*

*"Firms will hope that price pressures, particularly surrounding fuel and materials, continue to ease and in turn support growth in demand. Though, the lull in the global macroeconomic environment has made matters even more difficult and threatens short- and medium-term performance."*

*"Ghanaian companies however remain hopeful of output growth and a pick-up in demand over the course of the year ahead."*

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sufficient capacity to deal with workloads as backlogs fell for the seventh month running and at a quicker pace in July.

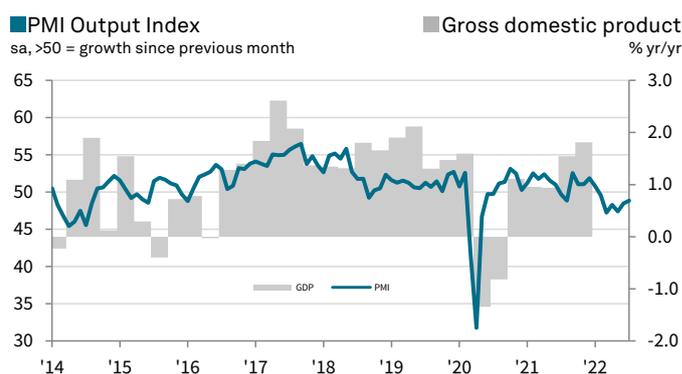
There was further positive news on the supply-chain front with lead times shortening once again. In fact, lead times shortened at the greatest extent in the survey's eight-and-a-half-year history amid fewer orders at suppliers and efforts to satisfy customers.

In response to subdued demand conditions, firms cut back on inventories once again, although at the softest pace in the current eight-month sequence of decline.

Overall input costs continued to rise sharply in July and at an above trend pace. There were widespread reports of higher transportation, staff and fuel costs as well as unfavourable exchange rate movements against the dollar. That said, the rate of increase moderated considerably from June.

In turn, firms raised their selling prices sharply, but at a softer pace. The rate of inflation was the weakest for five months but still among the quickest in the series history.

Looking ahead, firms expect output growth over the next 12 months, supported by hopes of a pick-up in demand and an improvement in market conditions. Sentiment was above the long-run trend level in July.



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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).