

News Release

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S&P Global Ghana PMI[®]

Output returns to growth as new orders rise at faster pace

Key findings

First rise in activity in three months

Growth in new orders and employment fastest in 2024 so far

Output price inflation at five-month low

There were tentative signs of improvement in Ghana's private sector during August. Business activity returned to growth as new orders increased solidly, while the pace of job creation was the strongest in 2024 so far. Inflationary pressures softened, but there were still sharp increases in purchase costs and output prices.

The S&P Global Ghana Purchasing Managers' Index™ (PMI[®]) rose to 51.1 in August from 50.1 in July, posting above the 50.0 no-change mark for the second month running and moving further into positive territory midway through the third quarter. The latest reading pointed to a slight improvement in the health of the private sector.

Business activity returned to growth in August, rising marginally after having declined in the preceding two months. Respondents linked higher output to increases in new orders and successful marketing activity.

New orders were up for the second month running, and at a solid pace that was the fastest since December. Companies linked growth to improving client demand, and some signs of inflationary pressures easing.

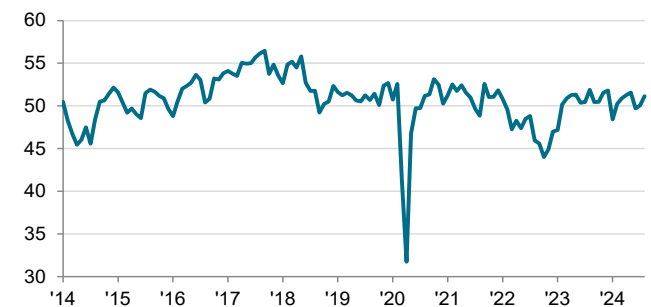
In fact, the pace of overall input cost inflation eased to a six-month low in August and was softer than the series average. Both purchase prices and staff costs rose at slower rates, albeit the former continued to increase rapidly amid higher costs for raw materials and transportation and ongoing currency weakness.

Output price inflation also softened, easing for the second month running to the weakest since March. The latest increase was still sharp, however, as companies passed on higher input costs to their customers.

The solid rise in new orders and business expansion plans led companies to expand their staffing levels again during August, extending the current sequence of job creation to seven months. Moreover, the latest rise was the fastest in

S&P Global Ghana PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-28 August 2024.

Comment

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

"The nascent growth seen in Ghana's private sector in July was built on in August as new orders and employment increased at faster rates, while business activity returned to expansion mode. Signs of revitalisation in the economy have coincided with rates of inflation coming off the boil, and so firms will be hoping that this continues in the months ahead to help facilitate a positive end to the year."

PMI[®]

by S&P Global

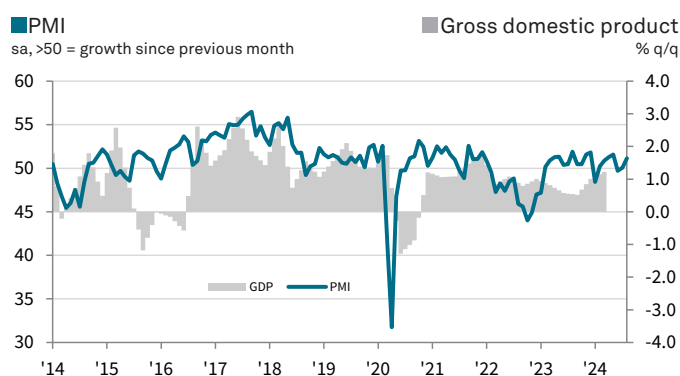
2024 so far.

Job creation helped firms to keep on top of workloads despite a sharper increase in new orders. As such, there remained a lack of pressure on capacity and companies were able to reduce their backlogs of work again during the month.

In contrast to the picture for employment, companies lowered their purchasing activity in August following a rise in the previous survey period. Some respondents indicated that they had sufficient inputs after having expanded purchasing in July, and recorded a second successive accumulation of inventories. The modest rise in stocks of purchases in part reflected efforts to secure inputs ahead of expected future price rises.

There was a solid improvement in vendor performance, with the latest shortening of suppliers' delivery times the most marked since April.

Hopes for more signs of stability in the exchange rate and prices led to an optimistic outlook with regards to business activity over the coming year. Some firms also predict that business will pick up following the election period later this year. Business confidence improved from the previous survey period and was above the series average as close to 77% of respondents predicted that their output will expand.



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@spglobal.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. www.spglobal.com/marketintelligence/en/mi/products/pmi