

South African Reserve Bank

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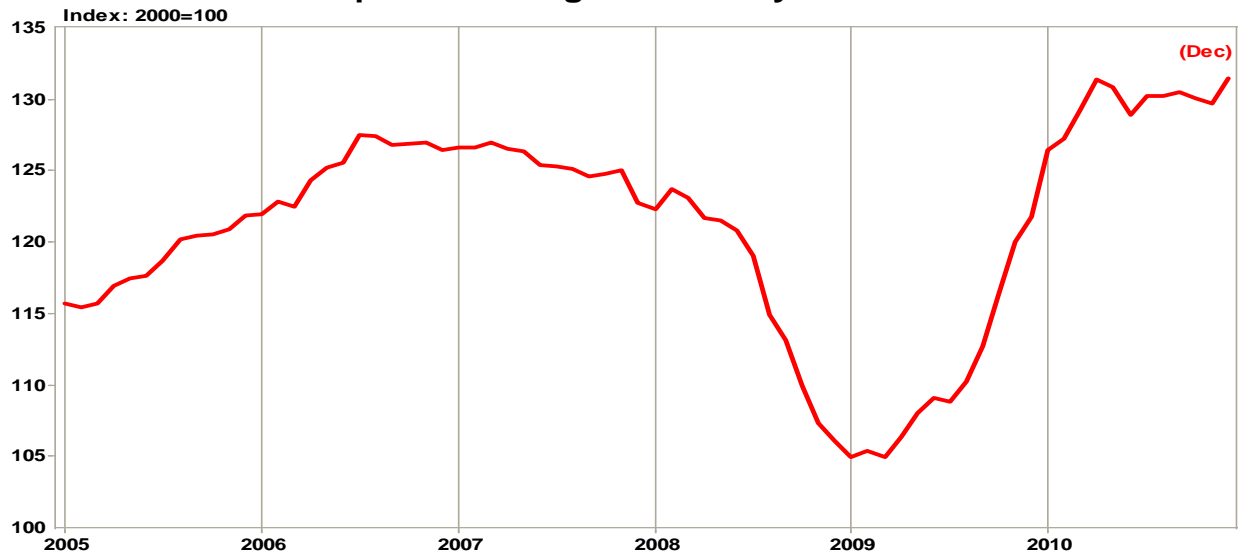
FOR RELEASE: 09:00 A.M., Tuesday, 22 February 2011

Composite business cycle indicators for South Africa

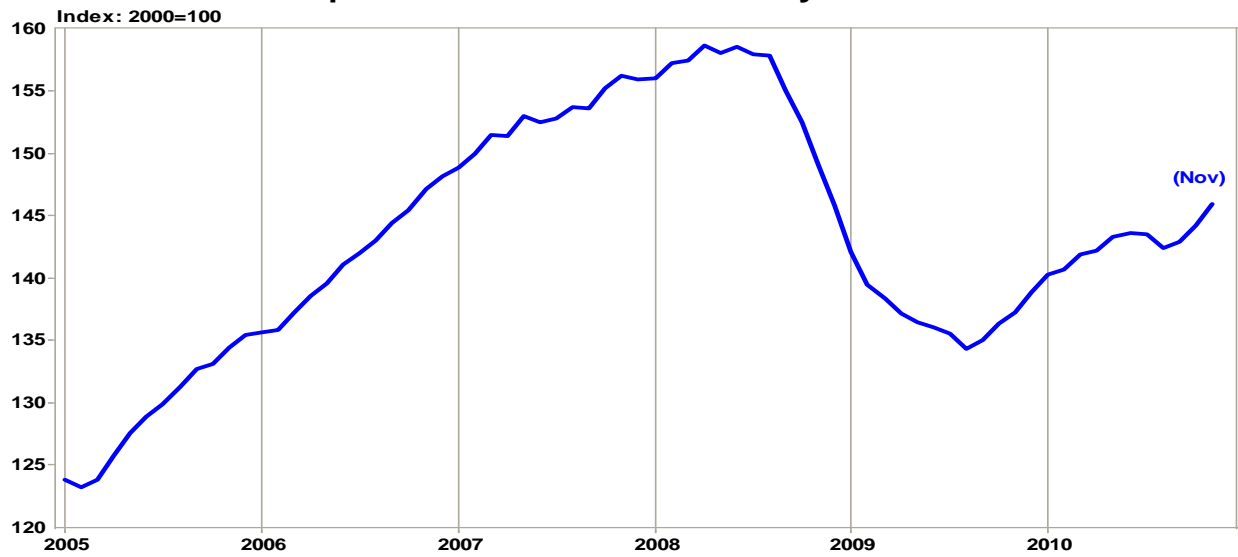
- The composite **leading** business cycle indicator *increased* by 1,4 per cent in December 2010 compared with the preceding month. This represents the largest monthly rise in the leading indicator since April 2010. Seven of the ten component time series that were available for December 2010 increased, while three decreased. The largest positive contribution to the leading indicator came from the twelve-month percentage change in job advertisement space, followed by the export commodity price index; the major negative contributors in December were the six-month smoothed growth rate in the real M1 money supply, as well as the twelve-month percentage change in the composite leading business cycle indicator of South Africa's major trading-partner countries.
- The composite **coincident** business cycle indicator *increased* by 1,2 per cent in November 2010 compared with the preceding month. Although receding somewhat during July and August 2010, the coincident indicator has followed a strong upward trend since reaching its most recent trough in August 2009.
- The composite **lagging** business cycle indicator *decreased* by 0,9 per cent in November 2010 compared with the preceding month. The lagging indicator has been following a clear downward trend since reaching its most recent peak in November 2008.

The next release is scheduled for Wednesday, 23 March 2011, at 09:00 A.M.

Composite leading business cycle indicator



Composite coincident business cycle indicator



Composite lagging business cycle indicator

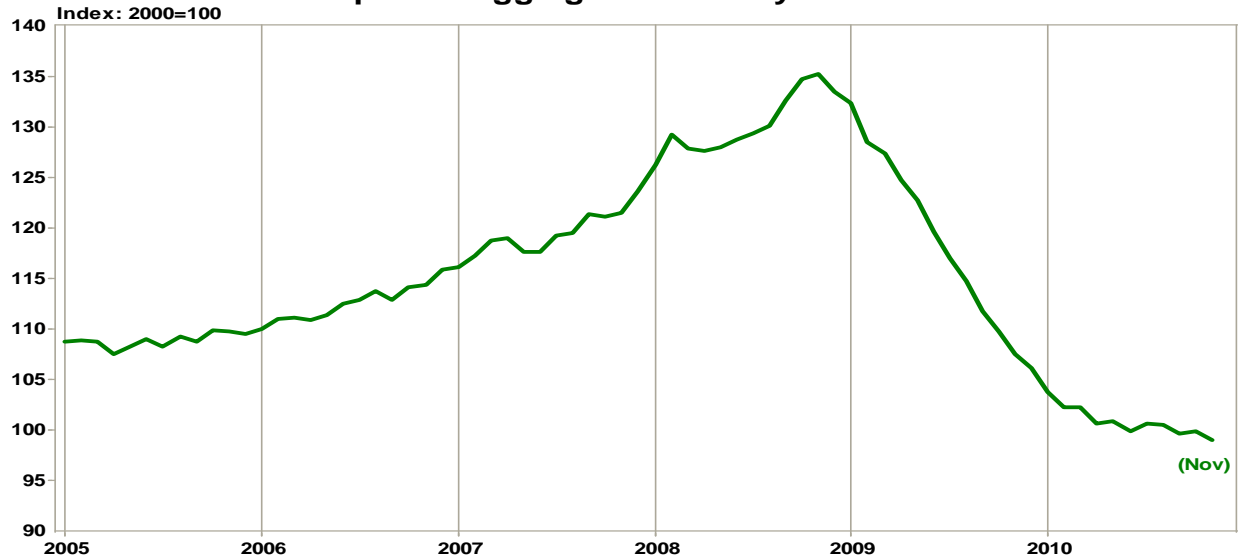


Table 1 Summary of the composite business cycle indicators

Indices: 2000 = 100	2010							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Leading indicator	130,9	129,0	130,2	130,2	130,5	130,1	129,7	131,5
<i>12 month percentage change</i>	<i>21,2</i>	<i>18,2</i>	<i>19,6</i>	<i>18,2</i>	<i>15,8</i>	<i>11,8</i>	<i>8,1</i>	<i>8,0</i>
Coincident indicator	143,3	143,7	143,5	142,4	143,0	144,2	145,9	-
<i>12 month percentage change</i>	<i>5,0</i>	<i>5,6</i>	<i>5,9</i>	<i>6,0</i>	<i>5,9</i>	<i>5,7</i>	<i>6,3</i>	-
Lagging indicator	100,9	99,9	100,7	100,5	99,6	99,9	99,0	-
<i>12 month percentage change</i>	<i>-17,8</i>	<i>-16,4</i>	<i>-13,9</i>	<i>-12,4</i>	<i>-10,8</i>	<i>-9,0</i>	<i>-7,9</i>	-

Table 2 Component time series of the composite leading business cycle indicator and their contribution to the December 2010 data point:

Component series	Contribution
BER: Average hours worked per factory worker in manufacturing (half weight)	Negative
Job advertisement space (percentage change over 12 months)	Positive
BER: Volume of orders in manufacturing (half weight)	Positive
BER: Business confidence index	N/A
Number of building plans approved: Flats, townhouses & houses larger than 80m ²	Positive
Number of new passenger vehicles sold: (percentage change over 12 months)	Positive
Gross operating surplus as a percentage of GDP	N/A
Interest rate spread: 10 year government bonds minus 91 day Treasury bills	Positive
Index of prices of all classes of shares traded on the JSE	Positive
Real M1 (six-month smoothed growth rate)	Negative
Commodity price index for South Africa's main export commodities (US dollar based)	Positive
Composite leading business cycle indicator of South Africa's major trading-partner countries (percentage change over 12 months)	Negative