



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* by 0,3 per cent on a month-to-month basis in July 2014; its third consecutive increase. Eight of the eleven component time series that were available for July 2014 increased, while three decreased. The largest positive contributions to the movement in the composite leading indicator in July came from an increase in the volume of manufacturing orders, as well as an increase in the average number of hours worked in the manufacturing sector. The major negative contributions in July came from a decrease in the number of residential building plans passed, followed by a deceleration in the twelve-month percentage change in job advertisement space.
- The composite **coincident** business cycle indicator *increased* by 0,9 per cent on a month-to-month basis in June 2014.
- The composite **lagging** business cycle indicator *increased* by 0,3 per cent on a month-to-month basis in June 2014.

The next release is scheduled for 21 October 2014, at 09:00 A.M.

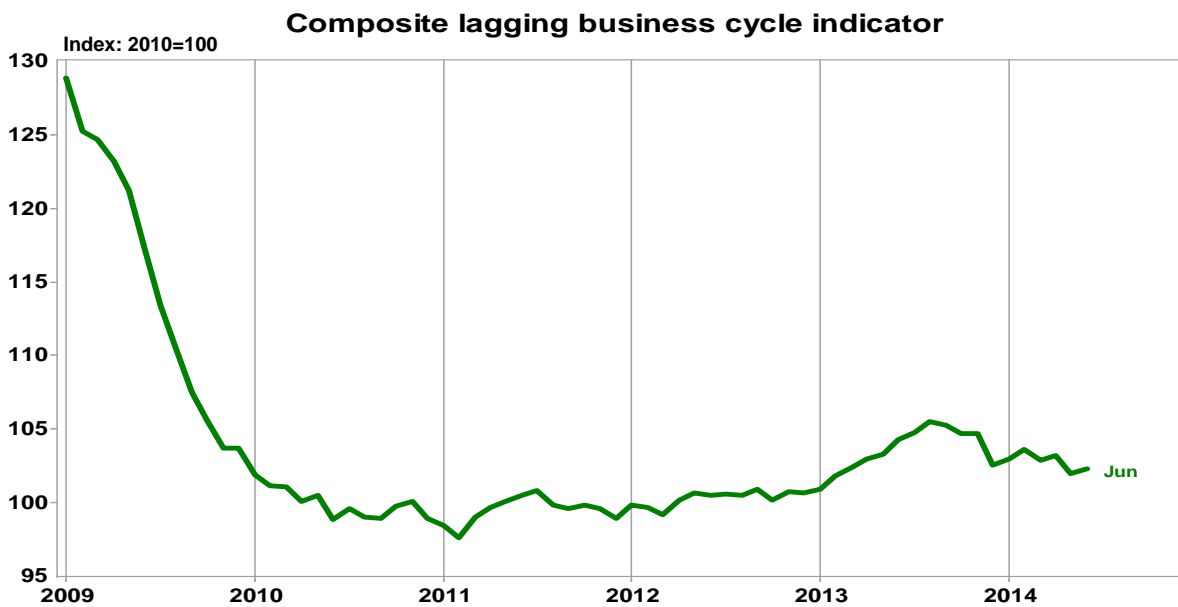
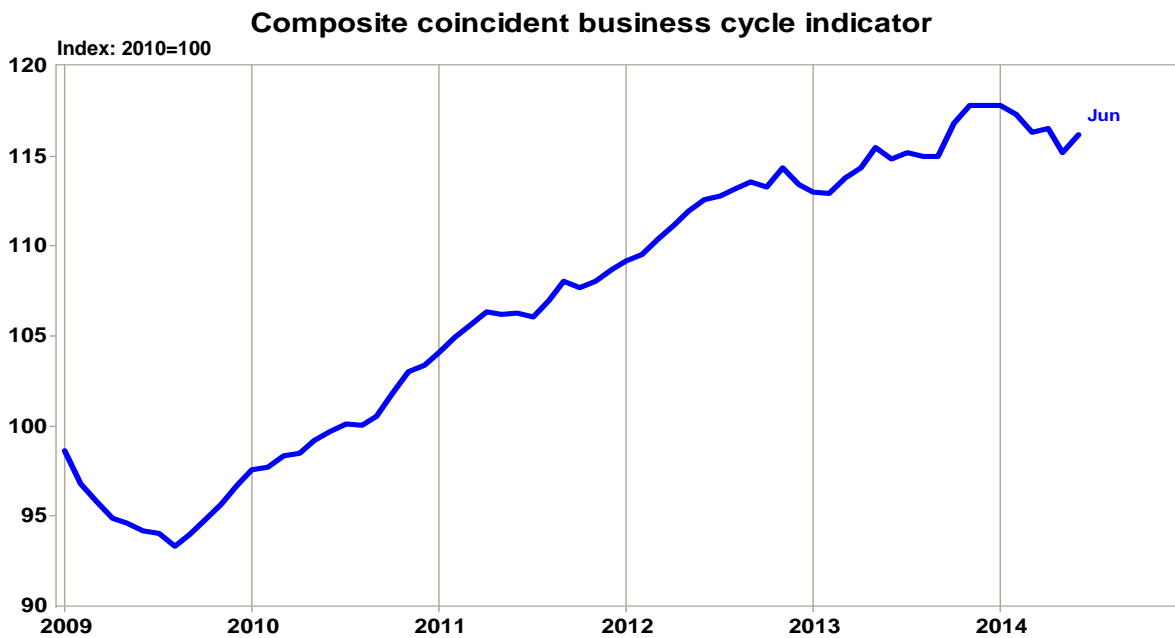
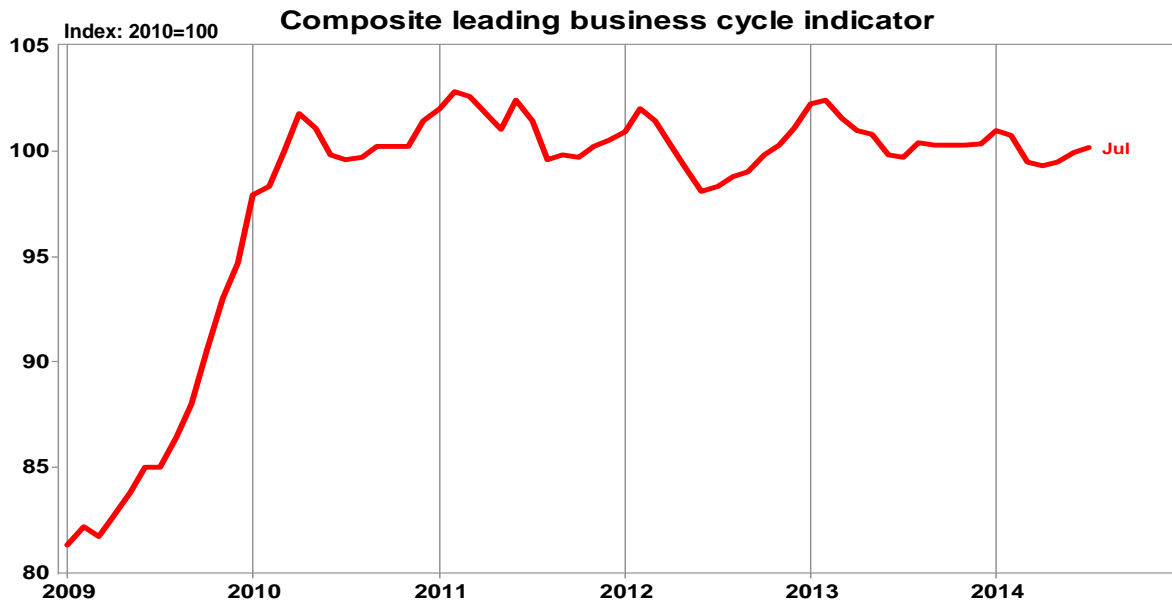


Table 1 Summary of the composite business cycle indicators*

Indices: 2010 = 100	2013	2014						
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Leading indicator	100,3	101,0	100,7	99,5	99,3	99,5	99,9	100,2
12-month percentage change	-0,7	-1,2	-1,6	-2,0	-1,6	-1,3	0,1	0,5
Coincident indicator	117,8	117,8	117,3	116,3	116,5	115,2	116,2	-
12-month percentage change	4,0	4,2	3,9	2,2	1,8	-0,2	1,2	-
Lagging indicator	102,6	102,9	103,6	102,9	103,2	102,0	102,3	-
12-month percentage change	1,9	2,0	1,8	0,5	0,2	-1,2	-1,9	-

* The composite business cycle indicators are revised continuously following revisions to underlying component time series data.

Table 2 Component time series of the composite leading business cycle indicator and their contribution to the July 2014 data point:

Positive contributors (ranked from largest to smallest)
BER*: Volume of orders in manufacturing (half weight)
BER*: Average hours worked per factory worker in manufacturing (half weight)
BER*: Business Confidence Index
Index of prices of all classes of shares traded on the JSE
Number of new passenger vehicles sold (percentage change over 12 months)
Commodity price index for South Africa's main export commodities (US dollar based)
Real M1 (six-month smoothed growth rate)
Composite leading business cycle indicator of South Africa's major trading-partner countries (percentage change over 12 months)
Negative contributors (ranked from largest to smallest)
Number of building plans approved: Flats, townhouses & houses larger than 80m ²
Job advertisements: The Sunday Times (percentage change over 12 months)
Interest rate spread: 10-year government bonds minus 91-day Treasury bills
Unavailable component series
Gross operating surplus as a percentage of gross domestic product

* Bureau for Economic Research, Stellenbosch University