



South African Reserve Bank

For further information regarding this release, please contact:

Adél Bosch: +27 (12) 313 4242 Adel.Bosch@resbank.co.za

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* by 0,8 per cent on a month-to-month basis in August 2014. Six of the eleven component time series that were available for August 2014 increased, while five decreased. The largest positive contributions to the movement in the composite leading indicator in August came from an increase in the number of residential building plans passed, as well as an increase in the volume of manufacturing orders. The major negative contributions in August came from a decrease in the export commodity price index, followed by a decrease in the average number of hours worked in the manufacturing sector.
- The composite **coincident** business cycle indicator *decreased* by 0,8 per cent on a month-to-month basis in July 2014.
- The composite **lagging** business cycle indicator *increased* by 1,1 per cent on a month-to-month basis in July 2014.

The next release is scheduled for 25 November 2014, at 09:00 A.M.

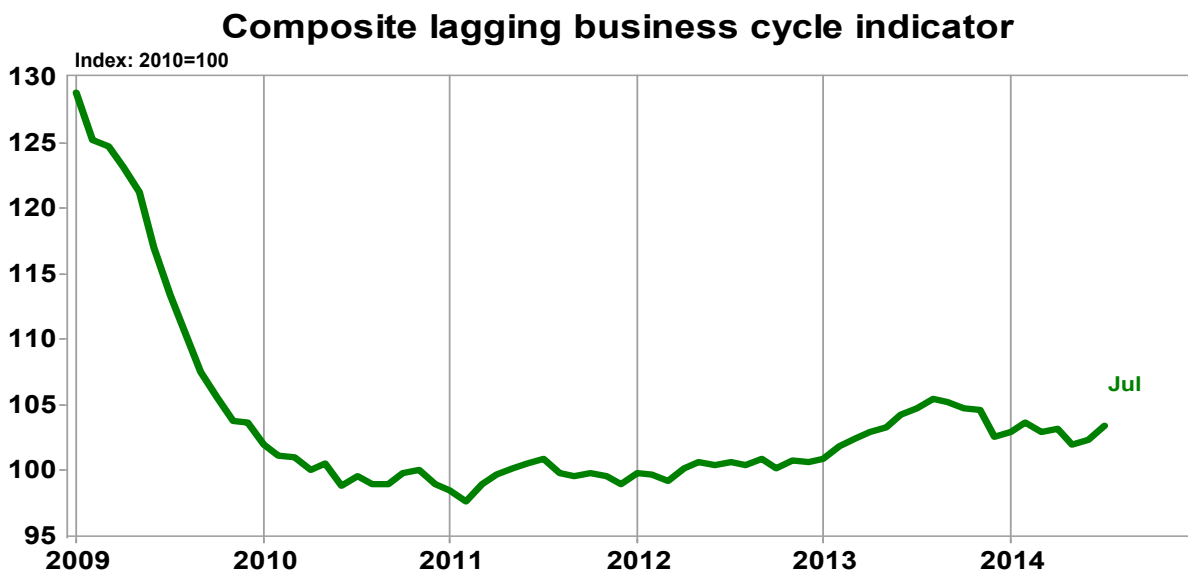
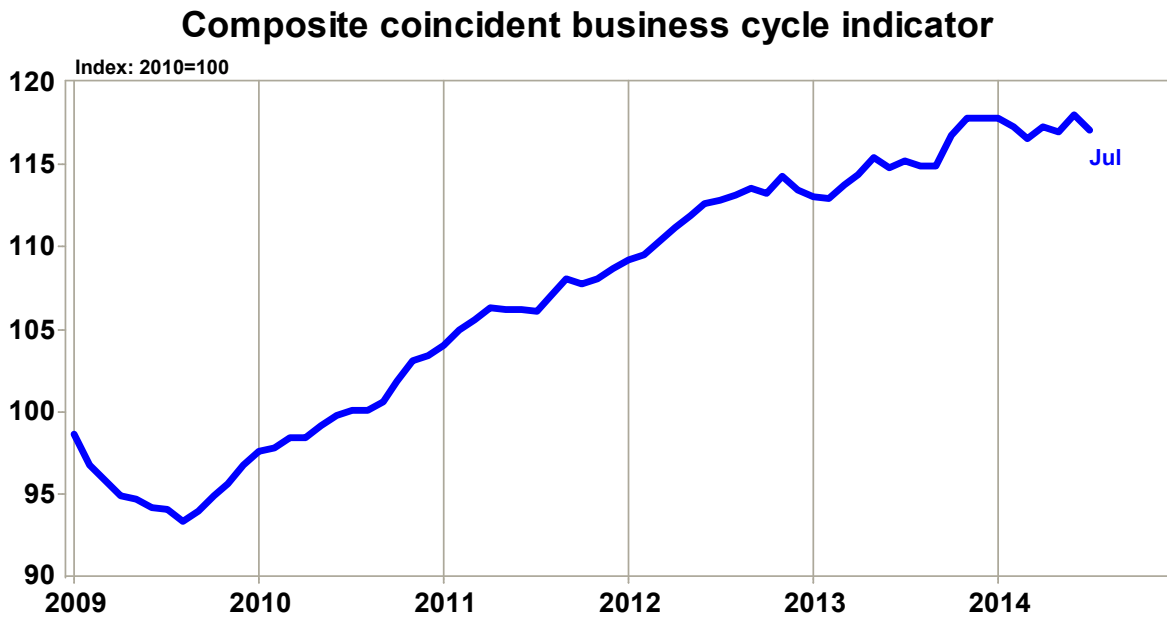
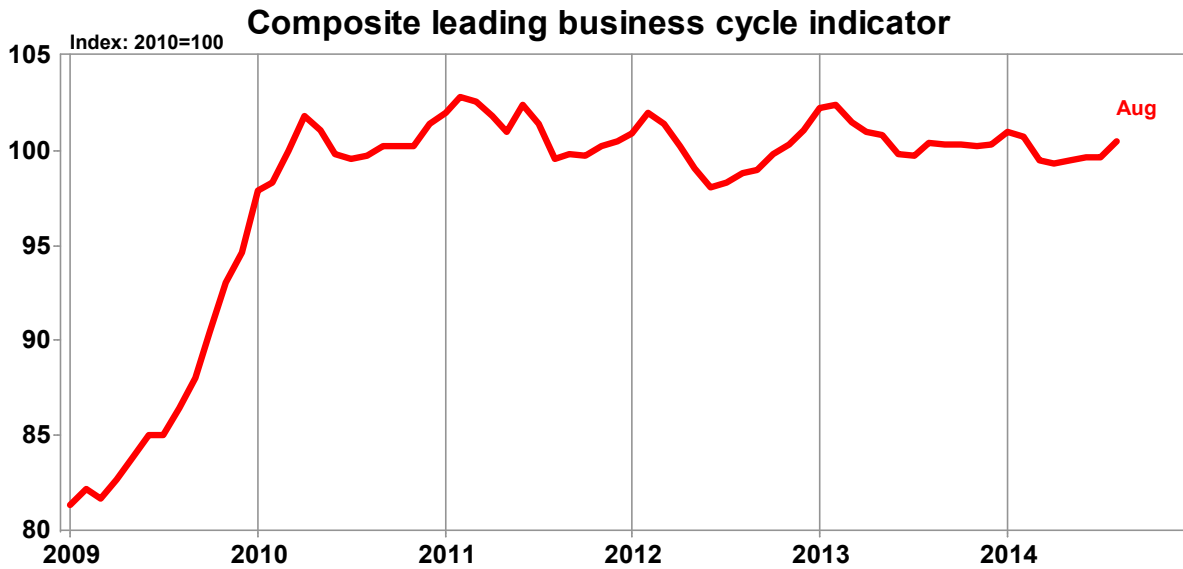


Table 1 Summary of the composite business cycle indicators*

| Indices: 2010 = 100 | 2014 | | | | | | | |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
| Leading indicator | 101,0 | 100,7 | 99,5 | 99,3 | 99,5 | 99,7 | 99,7 | 100,5 |
| 12-month percentage change | -1,2 | -1,6 | -2,0 | -1,6 | -1,3 | -0,2 | 0,0 | 0,1 |
| Coincident indicator | 117,8 | 117,3 | 116,6 | 117,3 | 117,0 | 118,0 | 117,1 | - |
| 12-month percentage change | 4,2 | 3,9 | 2,5 | 2,6 | 1,3 | 2,7 | 1,7 | - |
| Lagging indicator | 102,9 | 103,6 | 102,9 | 103,2 | 102,0 | 102,3 | 103,4 | - |
| 12-month percentage change | 2,0 | 1,8 | 0,5 | 0,2 | -1,2 | -1,9 | -1,3 | - |

* 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 August 2014 data point:

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