



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *decreased* by 0.8% on a month-to-month basis in April 2017. Decreases in four of the ten component time series that were available for April 2017 outweighed increases in the other six components. The largest negative contributions in April came from a deceleration in the number of residential building plans passed and a deterioration in the BER's Business Confidence Index. The largest positive contributions to the movement in the composite leading indicator in April resulted from an acceleration in the twelve-month percentage change in job advertisement space, followed by an increase in the volume of orders in manufacturing.
- The composite **coincident** business cycle indicator *increased* by 0.4% on a month-to-month basis in March 2017.
- The composite **lagging** business cycle indicator *increased* by 1.9% on a month-to-month basis in March 2017.

The next release is scheduled for 25 July 2017, at 09:00 A.M.

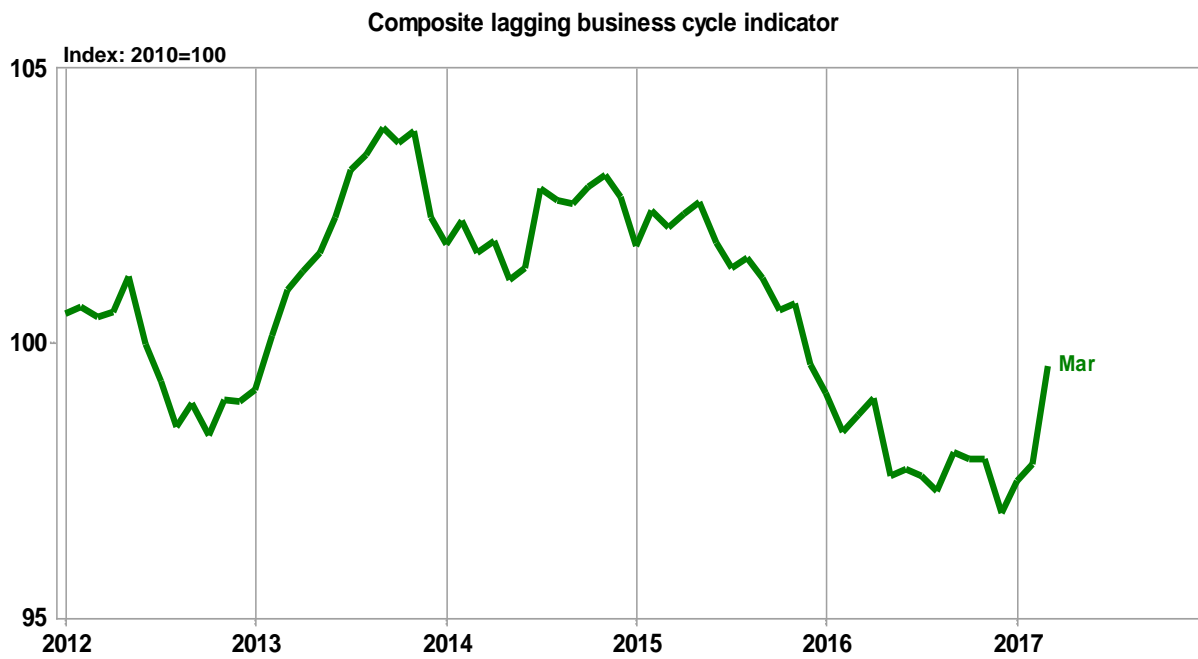
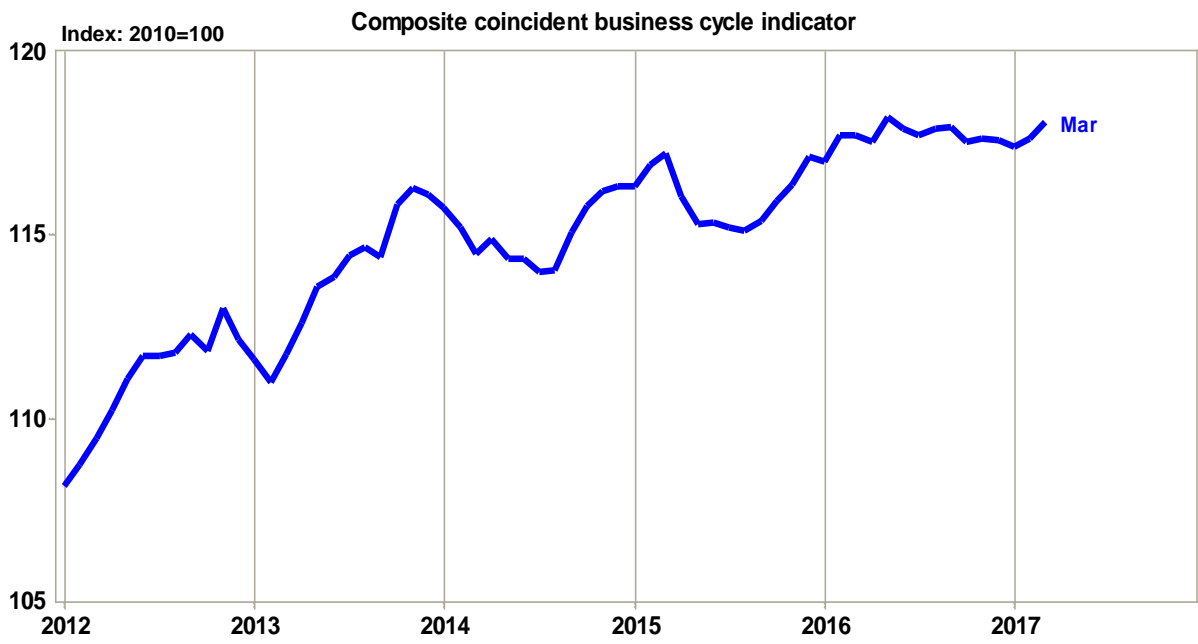
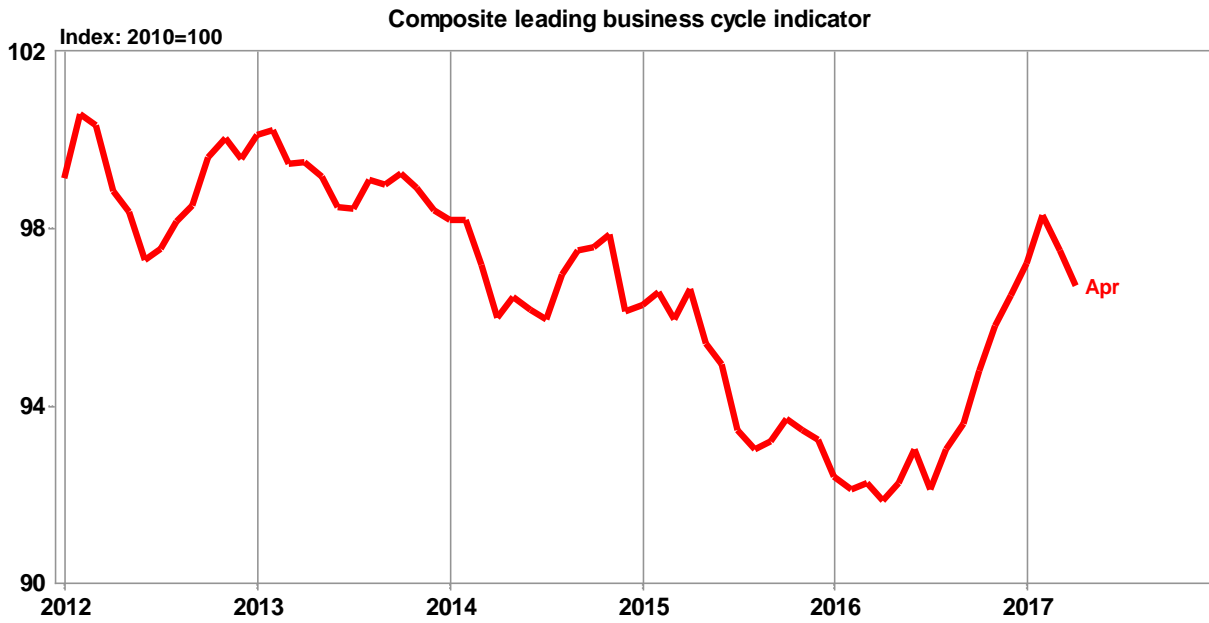


Table 1 Summary of the composite business cycle indicators*

| Indices: 2010 = 100 | 2016 | | | | 2017 | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
| Leading indicator | 93.6 | 94.8 | 95.8 | 96.5 | 97.2 | 98.3 | 97.5 | 96.7 |
| <i>12-month percentage change</i> | <i>0.5</i> | <i>1.1</i> | <i>2.5</i> | <i>3.5</i> | <i>5.1</i> | <i>6.7</i> | <i>5.7</i> | <i>5.3</i> |
| Coincident indicator | 117.9 | 117.5 | 117.6 | 117.6 | 117.4 | 117.6 | 118.1 | - |
| <i>12-month percentage change</i> | <i>2.2</i> | <i>1.4</i> | <i>1.1</i> | <i>0.4</i> | <i>0.4</i> | <i>-0.1</i> | <i>0.3</i> | <i>-</i> |
| Lagging indicator | 98.0 | 97.9 | 97.9 | 96.9 | 97.5 | 97.8 | 99.6 | - |
| <i>12-month percentage change</i> | <i>-3.2</i> | <i>-2.7</i> | <i>-2.8</i> | <i>-2.8</i> | <i>-1.6</i> | <i>-0.6</i> | <i>1.0</i> | <i>-</i> |

* 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 April 2017 data point:

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

* Bureau for Economic Research, Stellenbosch University