



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* by 1.4% on a month-to-month basis in February 2018. Five of the ten component time series that were available for February 2018 increased, while the remaining five decreased. The largest positive contributions to the movement in the composite leading business cycle indicator in February came from an increase in the number of residential building plans passed and an increase in the BER's Business Confidence Index. The largest negative contributions to the movement in the composite leading business cycle indicator in February resulted from a deceleration in the composite leading business cycle indicator for South Africa's major trading-partner countries and a decrease in the volume of orders in manufacturing.
- The composite **coincident** business cycle indicator *decreased* by 0.4% on a month-to-month basis in January 2018.
- The composite **lagging** business cycle indicator *decreased* by 0.9% on a month-to-month basis in January 2018.

The next release is scheduled for 22 May 2018, at 09:00 A.M.

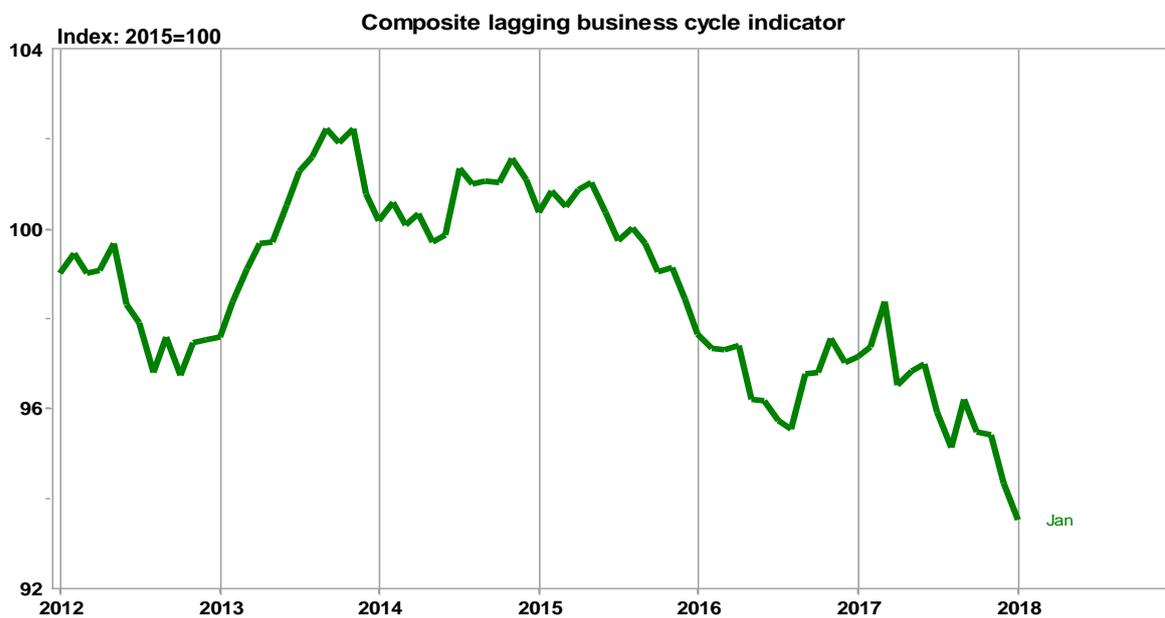
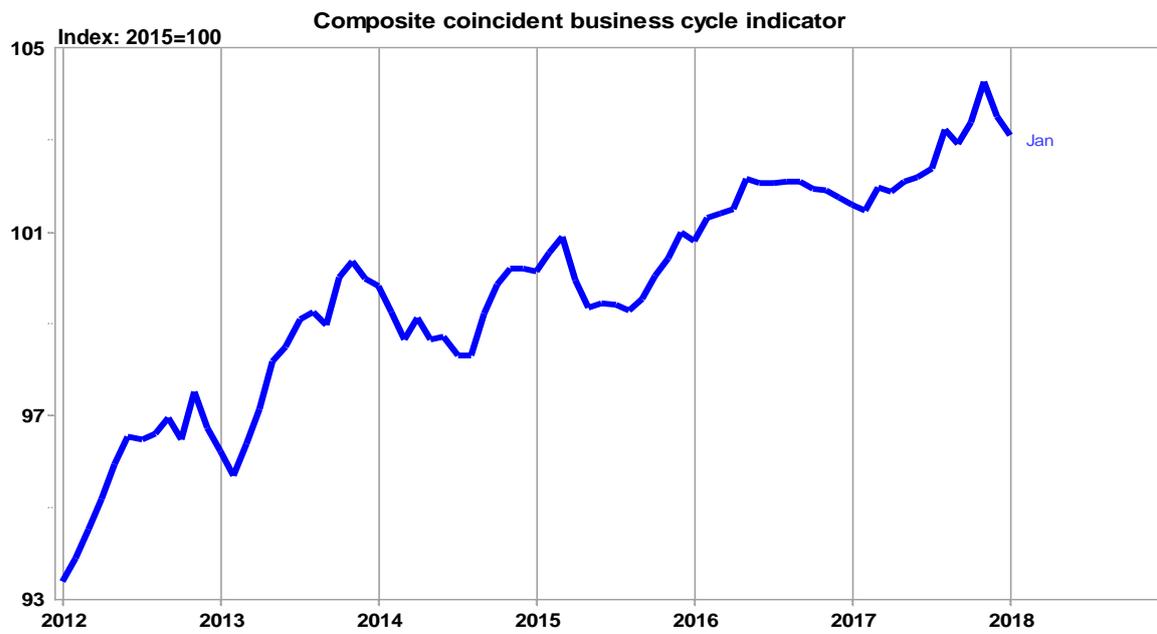
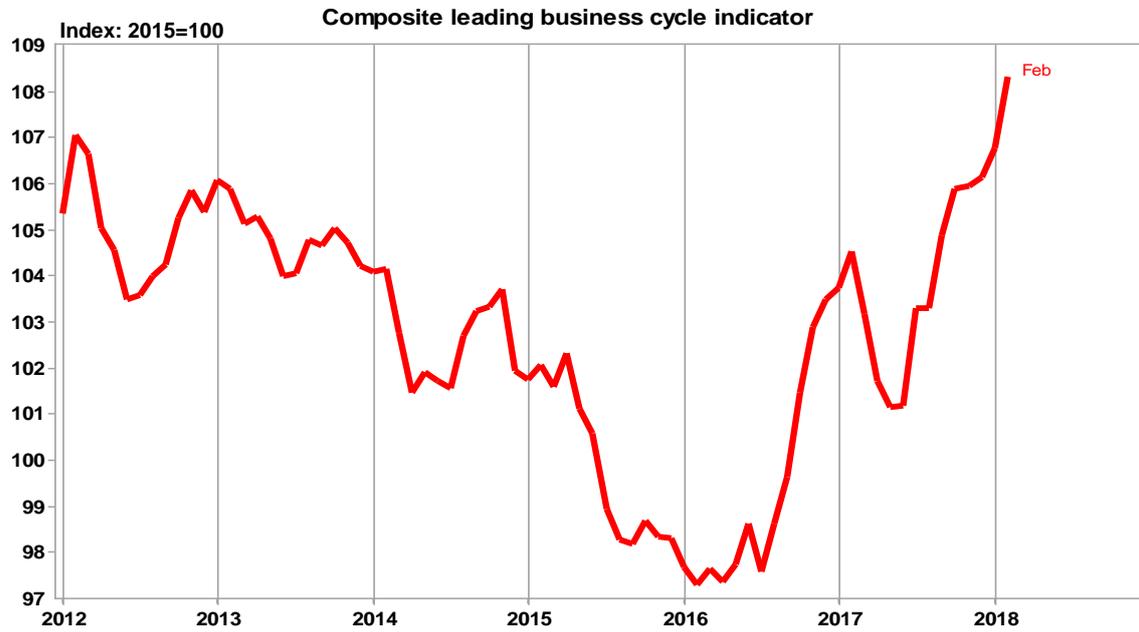


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2017						2018	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Leading indicator <i>12-month percentage change</i>	103.3 5.9	103.3 4.7	104.9 5.3	105.9 4.3	105.9 3.0	106.1 2.6	106.8 2.9	108.3 3.6
Coincident indicator <i>12-month percentage change</i>	102.4 0.3	103.2 1.1	102.9 0.8	103.4 1.4	104.3 2.3	103.5 1.7	103.1 1.5	- -
Lagging indicator <i>12-month percentage change</i>	95.9 0.2	95.1 -0.4	96.2 -0.6	95.5 -1.4	95.4 -2.2	94.4 -2.7	93.5 -3.8	- -

* 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 February 2018 data point:

Positive 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)
Real M1 (six-month smoothed growth rate)
Commodity price index for South Africa's main export commodities (US dollar based)
Negative contributors (ranked from largest to smallest)
Composite leading business cycle indicator for South Africa's major trading-partner countries (percentage change over 12 months)
BER*: Volume of orders in manufacturing (half weight)
BER *: Average hours worked per factory worker in manufacturing (half weight)
Interest rate spread: 10-year government bonds minus 91-day Treasury bills
Job advertisements: The Sunday Times (percentage change over 12 months)
Unavailable component series
Gross operating surplus as a percentage of gross domestic product

* Bureau for Economic Research, Stellenbosch University