



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *decreased* by 0.4% on a month-to-month basis in June 2019. Decreases in five of the nine available component time series outweighed increases in the remaining four. The largest negative contributions to the movement in the composite leading business cycle indicator in June came from a deceleration in the twelve-month percentage change in job advertisement space and a decrease in the number of residential building plans approved. The largest positive contributions came from an increase in the volume of orders in manufacturing and an acceleration in the six-month smoothed growth rate in the real M1 money supply.
- The composite **coincident** business cycle indicator *increased* by 0.2% on a month-to-month basis in May 2019.
- The composite **lagging** business cycle indicator *increased* by 0.8% on a month-to-month basis in May 2019.

The next release is scheduled for 25 September 2019, at 09:00 A.M.

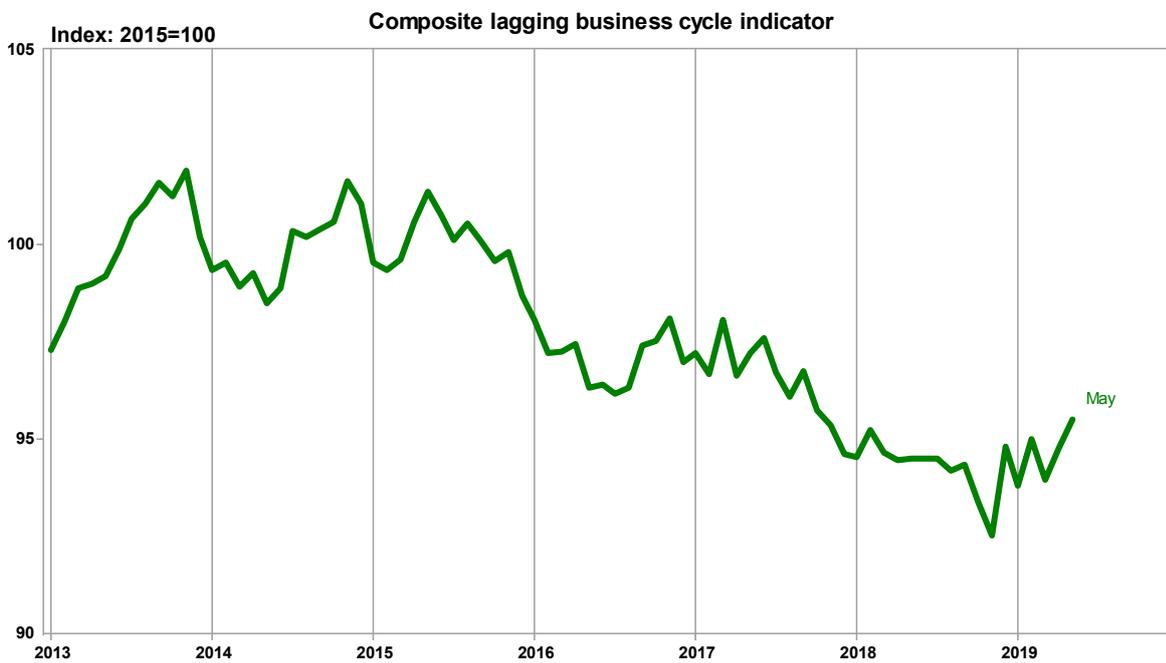
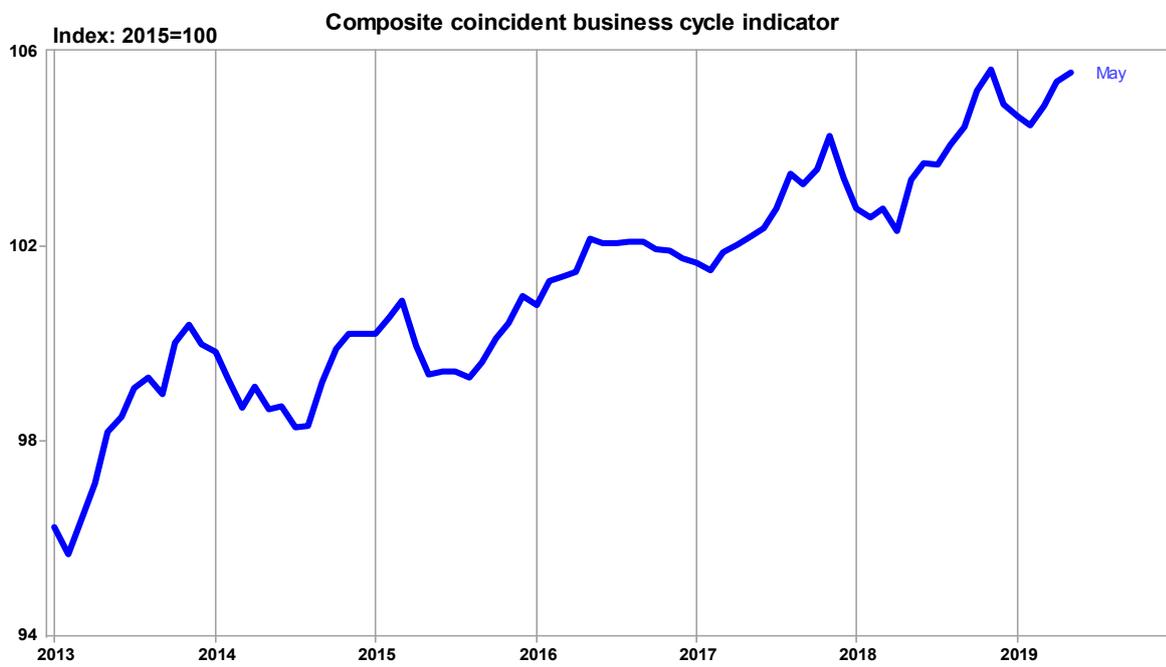
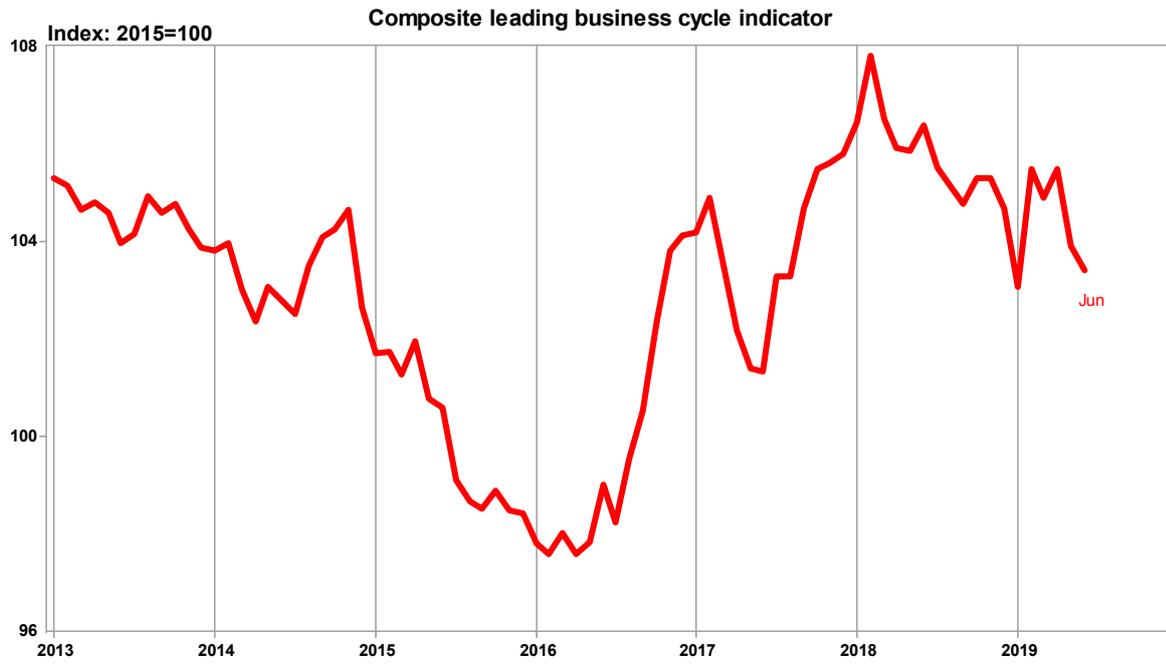


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2018			2019					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Leading indicator <i>12-month percentage change</i>	105.3 -0.2	105.3 -0.3	104.7 -1.1	103.1 -3.2	105.5 -2.2	104.9 -1.5	105.5 -0.3	103.9 -1.9	103.4 -2.8
Coincident indicator <i>12-month percentage change</i>	105.2 1.6	105.6 1.3	104.9 1.5	104.7 1.8	104.5 1.8	104.9 2.0	105.4 3.0	105.6 2.1	- -
Lagging indicator <i>12-month percentage change</i>	93.4 -2.5	92.5 -3.0	94.8 0.2	93.8 -0.8	95.0 -0.2	94.0 -0.7	94.8 0.3	95.5 1.1	- -

* 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 June 2019 data point:

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

* Bureau for Economic Research, Stellenbosch University