



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *decreased* at a slower pace of 0.7% in May 2020. Six of the nine available component time series decreased while three component time series increased during the month. The largest negative contributions to the movement in the composite leading business cycle indicator in May were the decrease in the average number of hours worked in the manufacturing sector and a deterioration in the BER's Business Confidence Index. Positive contributions resulted from an increase in the number of new passenger vehicles sold and an increase in the US dollar based South African export commodity price index.
- The composite **coincident** business cycle indicator *decreased sharply* by 22.0% on a month-to-month basis in April 2020, extending its downward trend further and illustrating the severe impact of the extended lockdown on economic activity. The significant contraction in the industrial production index and in the value of vehicle sales in April 2020 was the primary drivers of the decline.
- The composite **lagging** business cycle indicator *decreased* by 13.4% on a month-to-month basis in April 2020.

The next release is scheduled for 25 August 2020, at 09:00 A.M.

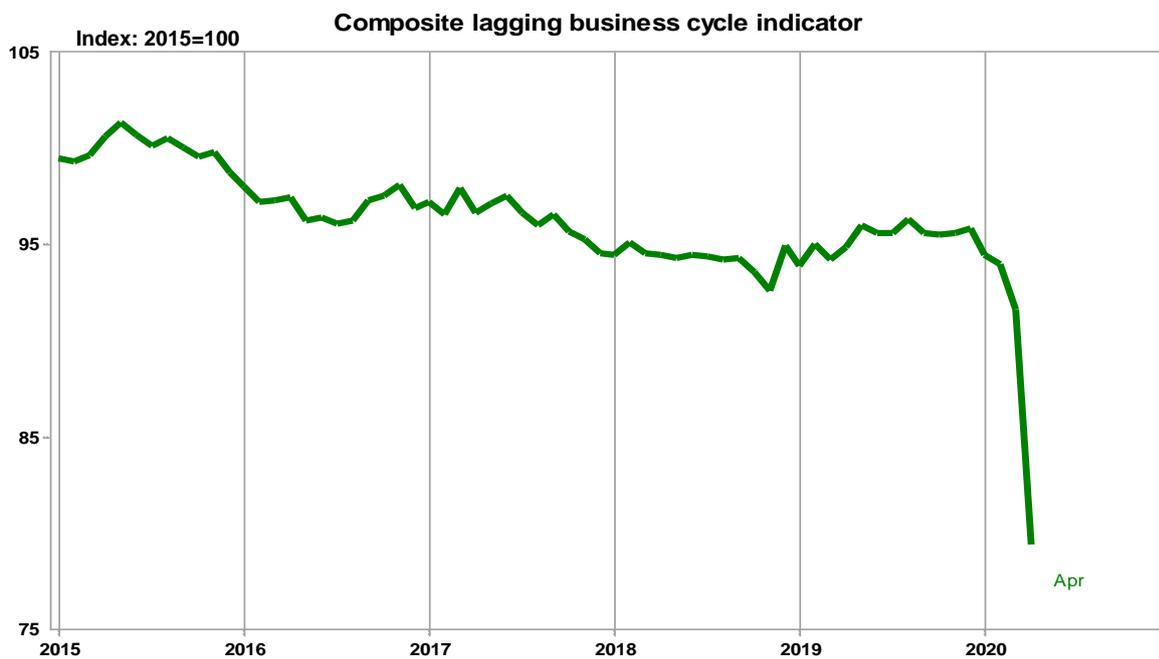
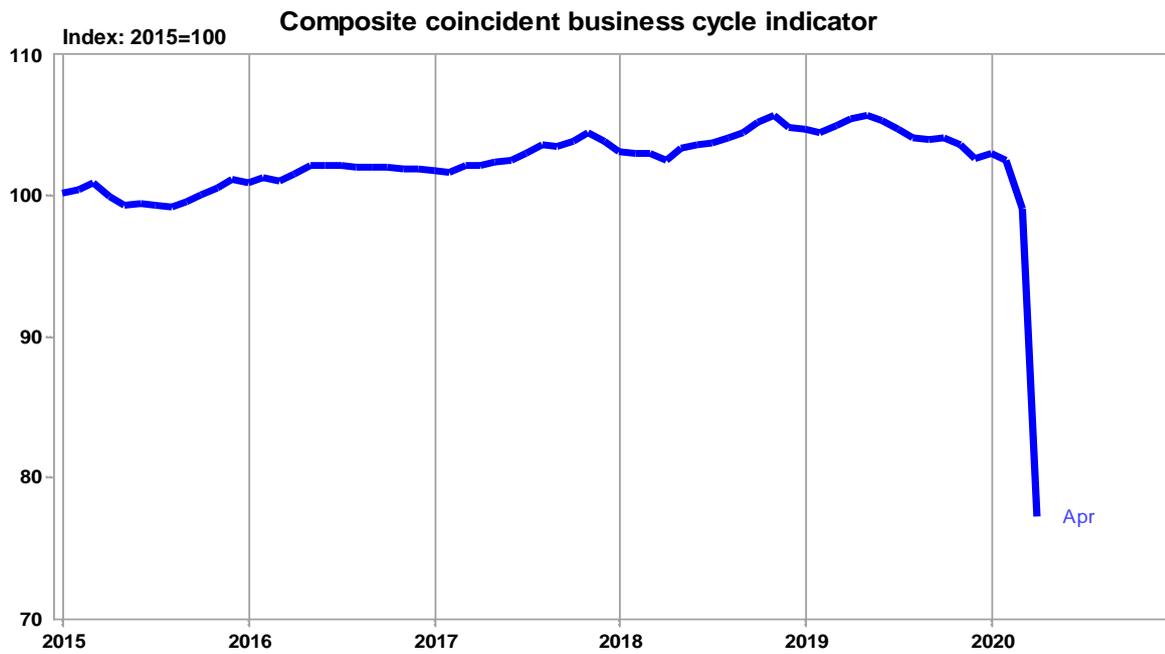
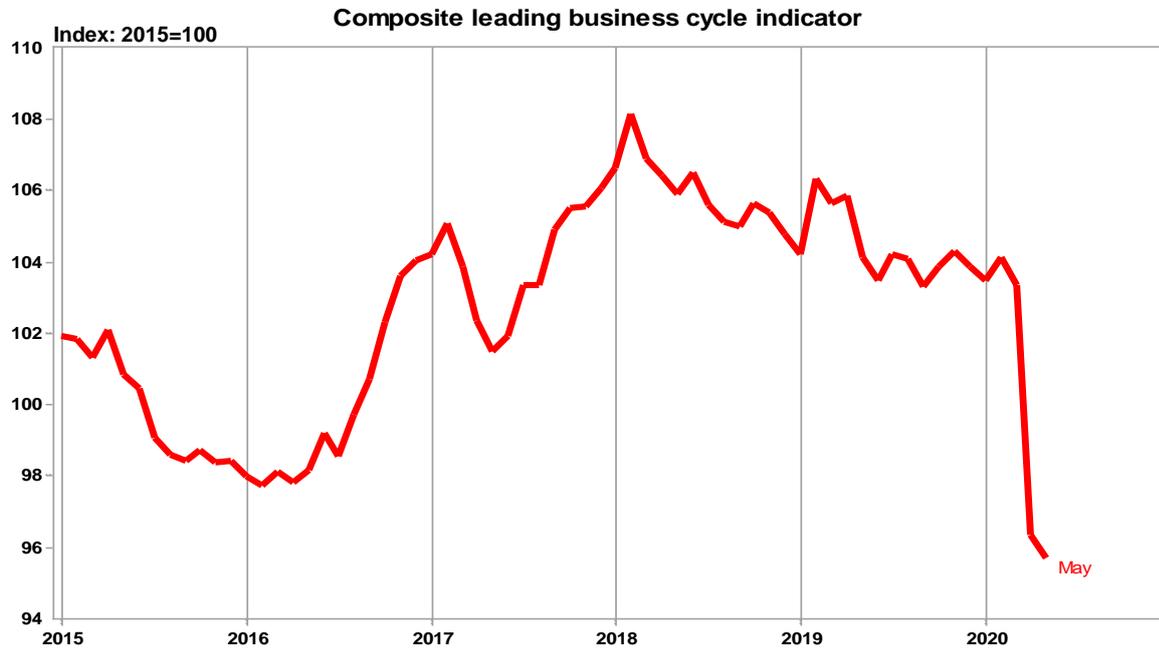


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2019				2020				
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Leading indicator	103.3	103.9	104.3	103.9	103.5	104.1	103.3	96.3	95.7
12-month percentage change	-1.6	-1.7	-1.0	-0.9	-0.7	-2.1	-2.2	-9.0	-8.1
Coincident indicator	104.0	104.1	103.6	102.6	103.0	102.5	99.1	77.3	-
12-month percentage change	-0.5	-1.1	-1.9	-2.2	-1.7	-1.9	-5.7	-26.8	-
Lagging indicator	95.6	95.5	95.6	95.8	94.4	94.0	91.6	79.4	-
12-month percentage change	1.4	2.1	3.2	0.9	0.6	-1.1	-2.7	-16.3	-

* 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 May 2020 data point:

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

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