



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* by 2.7% in June 2020. Increases in seven of the nine available component time series outweighed decreases in the remaining two component time series. The largest positive contributions to the movement in the composite leading business cycle indicator in June were increases in the number of residential building plans approved and in new passenger vehicles sold. The negative contributors were a deceleration in the six-month smoothed growth rate in the real M1 money supply and a narrowing in the interest rate spread.
- The composite **coincident** business cycle indicator *decreased* less severely by 0.8% on a month-to-month basis in May 2020 as compared with April, since the decline was mitigated somewhat by improvements in retail and new vehicle sales and, to a lesser extent, improved industrial production following the gradual lifting of lockdown restrictions. The continued decrease in May, however, perpetuates the downward trend in the indicator and continues to show the severe impact of the extended lockdown on economic activity.
- The composite **lagging** business cycle indicator *increased* by 4.4% on a month-to-month basis in May 2020.

The next release is scheduled for 22 September 2020, at 09:00 A.M.

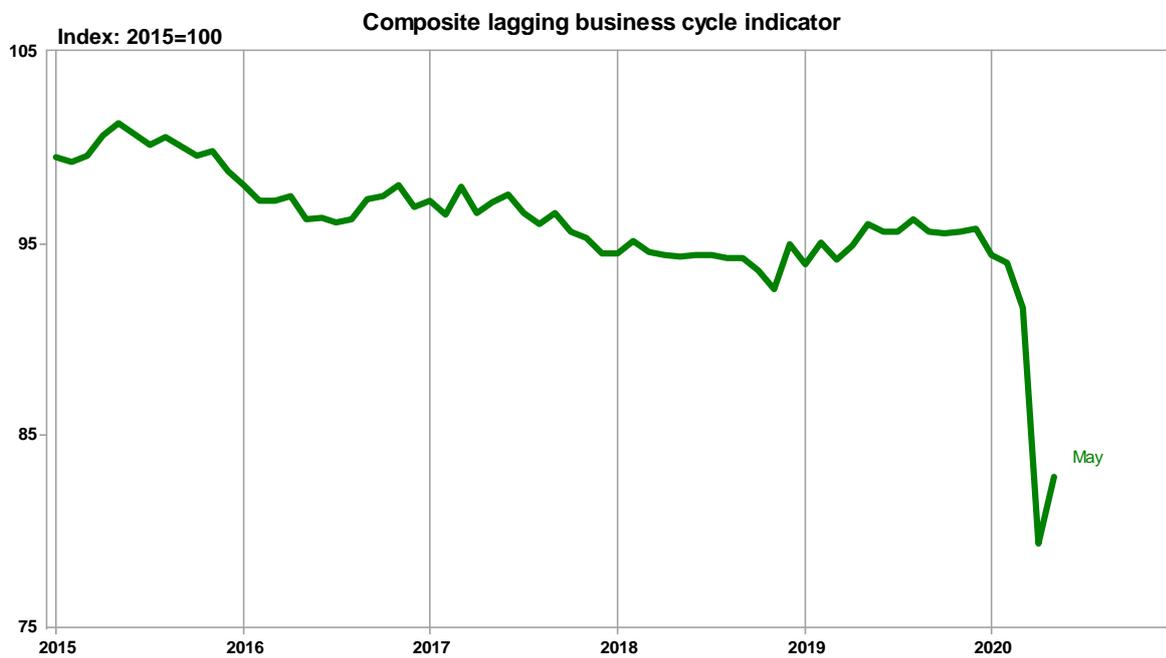
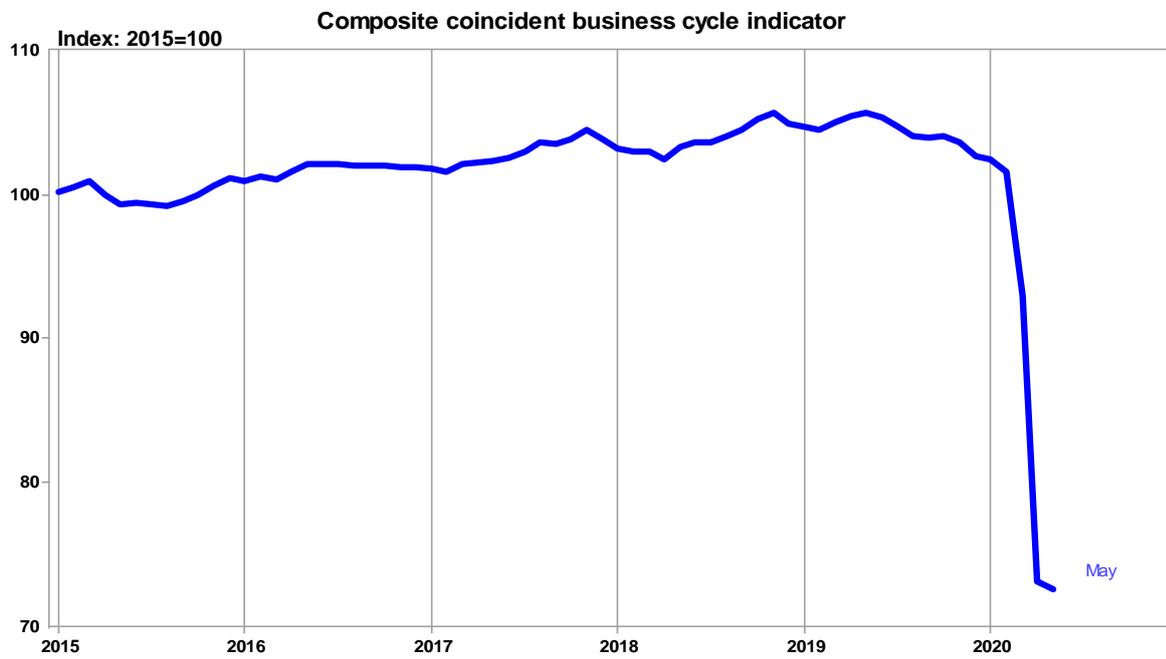
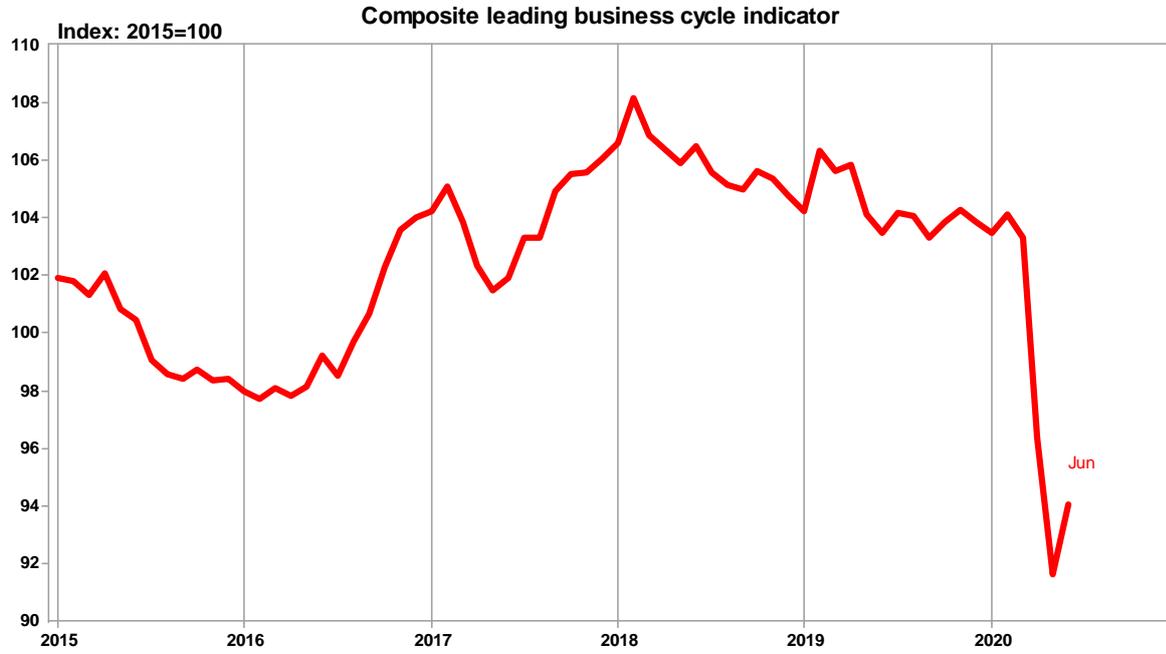


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2019			2020					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Leading indicator	103.9	104.3	103.9	103.5	104.1	103.3	96.3	91.6	94.1
12-month percentage change	-1.7	-1.0	-0.9	-0.7	-2.1	-2.2	-9.0	-12.0	-9.1
Coincident indicator	104.1	103.6	102.6	102.5	101.6	92.9	73.2	72.6	-
12-month percentage change	-1.1	-1.9	-2.2	-2.1	-2.8	-11.5	-30.7	-31.3	-
Lagging indicator	95.5	95.6	95.8	94.4	94.0	91.6	79.4	82.8	-
12-month percentage change	2.1	3.2	0.9	0.6	-1.1	-2.7	-16.3	-13.8	-

* 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 June 2020 data point:

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

* Bureau for Economic Research, Stellenbosch University