



South African Reserve Bank

For further information regarding this release, please contact:

Adri Wolhuter: +27 (12) 313 3228

Adri.Wolhuter@resbank.co.za

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* further by 1.7% on a month-to-month basis in September 2020. Of the nine available component series, seven increased while two decreased. The largest contributions to the increase in the composite leading business cycle indicator in September were an increase in the US dollar-denominated South African export commodity price index and an acceleration in the twelve-month rate of change in job advertisement space. The two subcomponents which contributed negatively to the composite indicator were a deceleration in the six-month smoothed growth rate in the real M1 money supply and a decrease in the number of new passenger vehicles sold.
- The pace of *increase* in the composite **coincident** business cycle indicator quickened to 7.0% on a month-to-month basis in August 2020. The rebound in the utilisation of production capacity in the manufacturing sector and expectations of a meaningful recovery in real economic activity in the third quarter supported the positive outcome.
- The composite **lagging** business cycle indicator *decreased* by 0.8% on a month-to-month basis in August 2020.

The next release is scheduled for 15 December 2020, at 09:00 A.M.

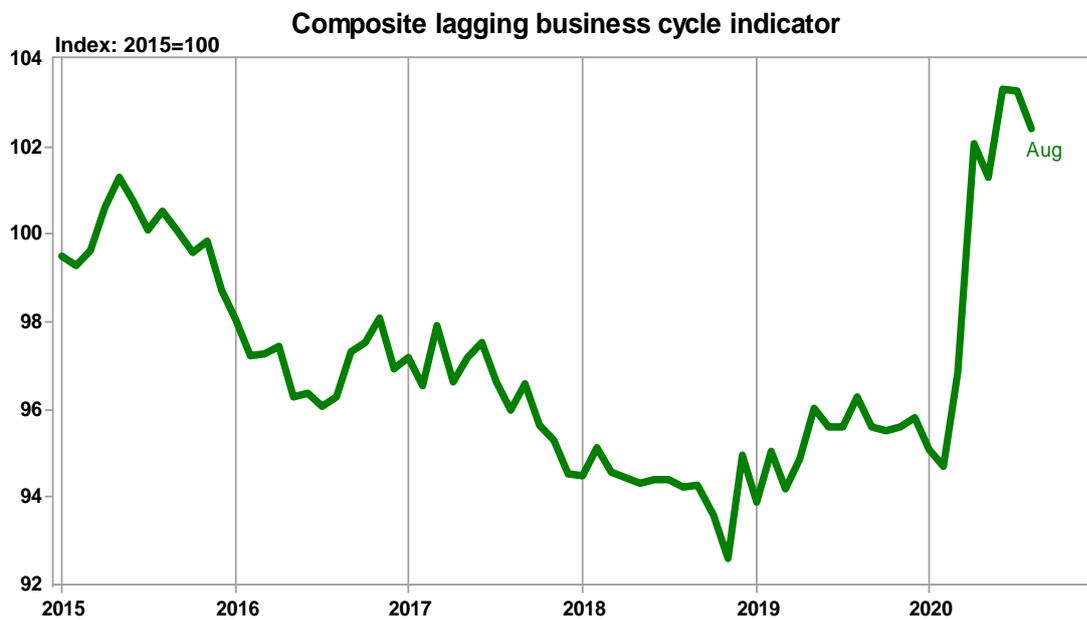
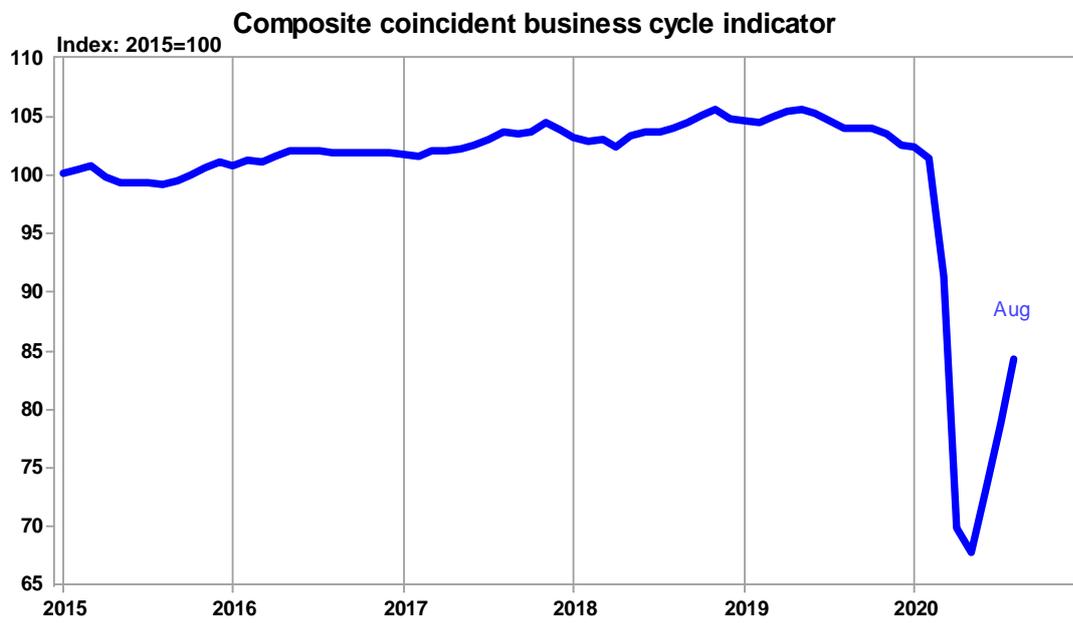
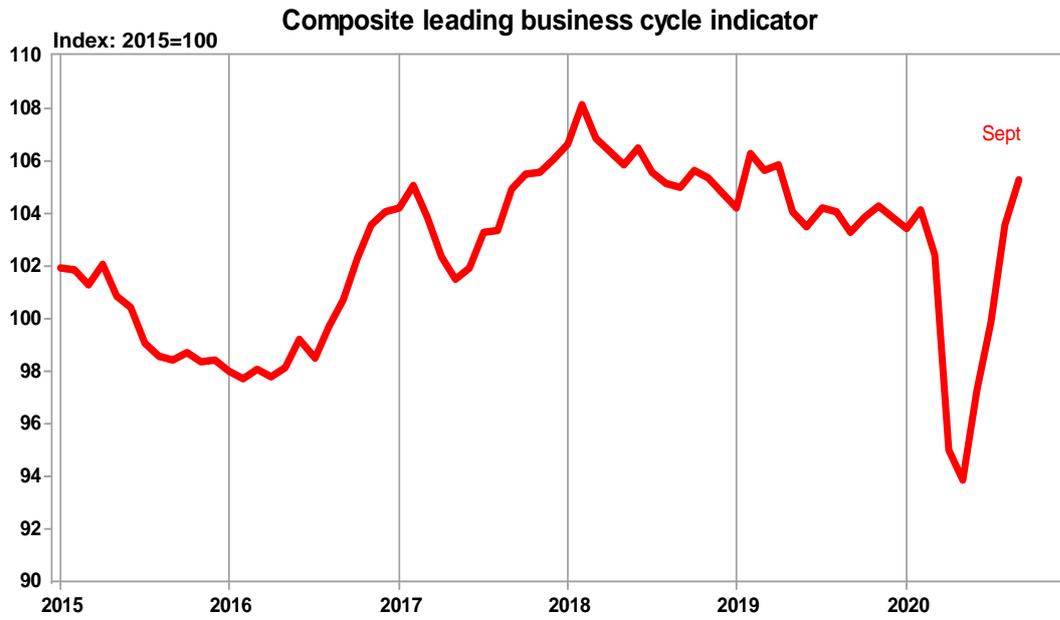


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2019	2020								
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Leading indicator <i>12-month percentage change</i>	103.9 -0.9	103.5 -0.7	104.1 -2.1	102.4 -3.1	95.0 -10.2	93.9 -9.8	97.3 -6.0	99.9 -4.2	103.6 -0.4	105.3 1.9
Coincident indicator <i>12-month percentage change</i>	102.6 -2.2	102.5 -2.1	101.6 -2.8	91.4 -13.0	69.8 -33.9	67.8 -35.9	73.1 -30.6	78.8 -24.8	84.2 -19.1	- -
Lagging indicator <i>12-month percentage change</i>	95.8 0.9	95.1 1.3	94.7 -0.4	96.9 2.8	102.1 7.6	101.3 5.5	103.3 8.1	103.3 8.0	102.4 6.4	- -

* 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 September 2020 data point:

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

* Bureau for Economic Research, Stellenbosch University