



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *decreased* by 0.3% on a month-to-month basis in January 2020. Six of the ten available component time series decreased while four increased. The largest negative contributions to the movement in the composite leading business cycle indicator in January resulted from a deceleration in the twelve-month percentage change in job advertisement space and a decline in the BER's Business Confidence Index. The largest positive contributions came from an increase in the US dollar-denominated South African export commodity price index and an acceleration in the six-month smoothed growth rate in the real M1 money supply.
- The composite **coincident** business cycle indicator *decreased* by 1.3% on a month-to-month basis in December 2019.
- The composite **lagging** business cycle indicator *decreased* by 0.3% on a month-to-month basis in December 2019.

The next release is scheduled for 21 April 2020, at 09:00 A.M.

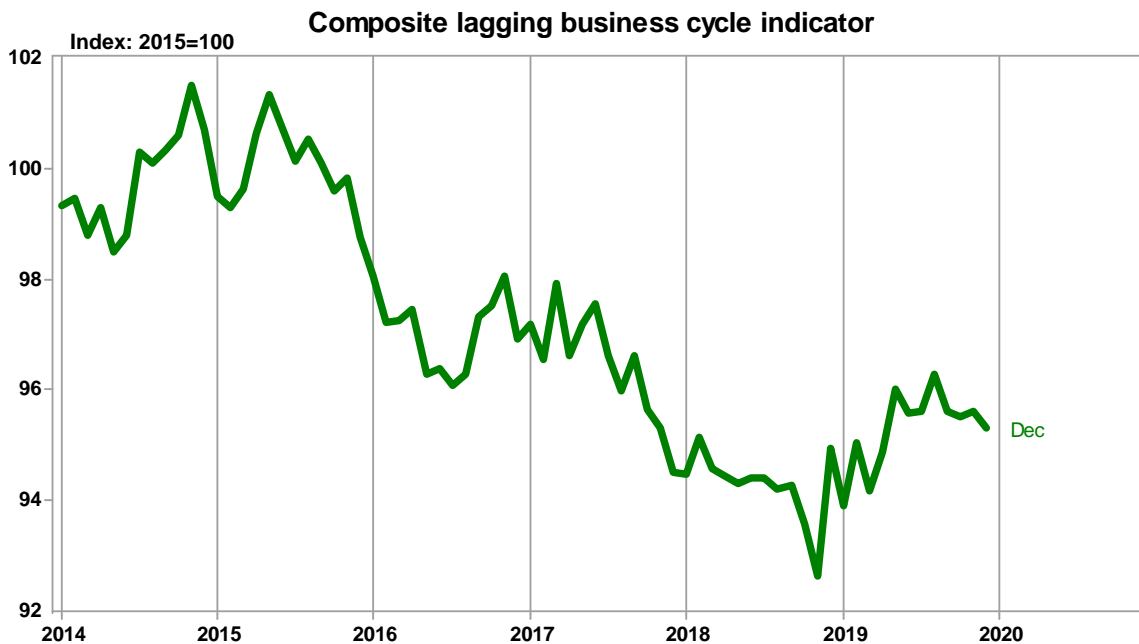
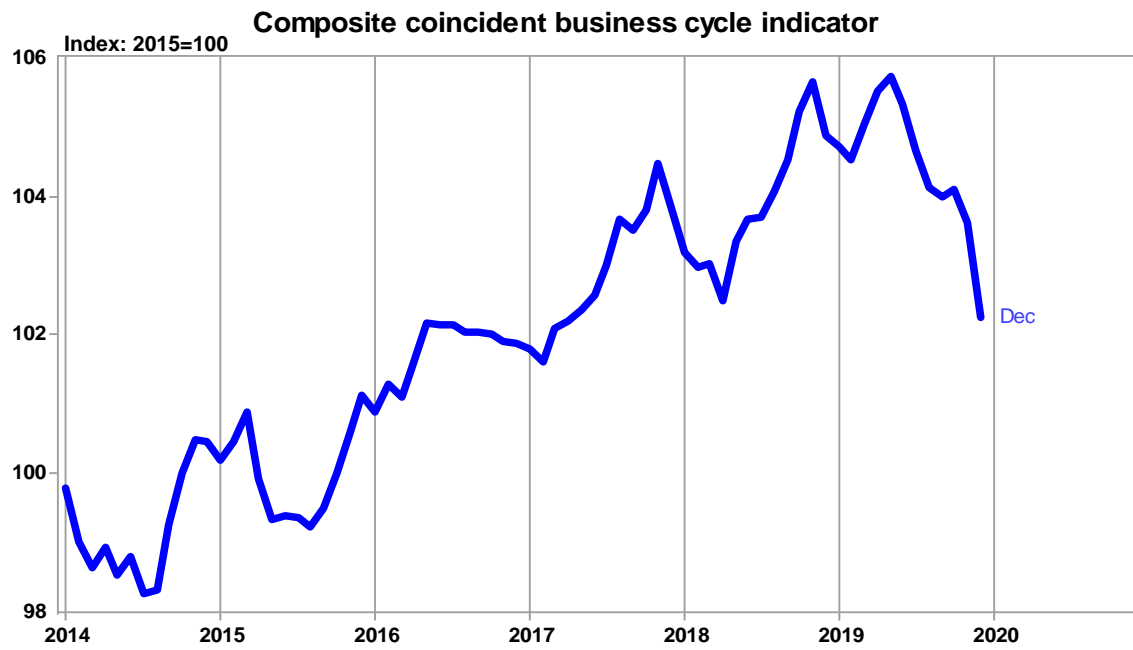
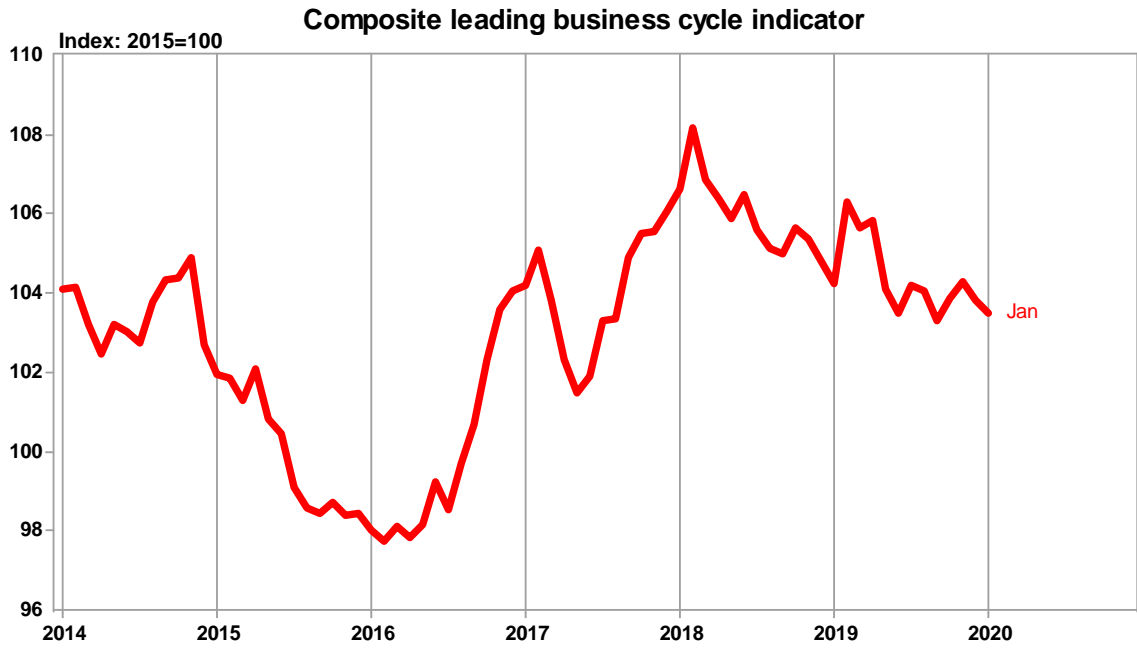


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2019								2020
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Leading indicator	104.1	103.5	104.2	104.1	103.3	103.9	104.3	103.8	103.5
<i>12-month percentage change</i>	-1.7	-2.8	-1.3	-1.0	-1.6	-1.7	-1.0	-0.9	-0.7
Coincident indicator	105.7	105.3	104.7	104.1	104.0	104.1	103.6	102.3	-
<i>12-month percentage change</i>	2.3	1.6	0.9	0.0	-0.5	-1.1	-1.9	-2.5	-
Lagging indicator	96.0	95.6	95.6	96.3	95.6	95.5	95.6	95.3	-
<i>12-month percentage change</i>	1.8	1.2	1.3	2.2	1.4	2.1	3.2	0.4	-

* 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 January 2020 data point:

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

* Bureau for Economic Research, Stellenbosch University