



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* by 0.7% on a month-to-month basis in March 2020, as increases in five of the eight available component time series outweighed decreases in the other three. The largest positive contributions to the movement in the composite leading business cycle indicator in March resulted from a marked widening in the interest rate spread and an acceleration in the twelve-month percentage change in job advertisement space. The largest negative contributions resulted from a decrease in the US dollar-denominated South African export commodity price index and a deceleration in the twelve-month percentage change in the number of new passenger vehicles sold. In March 2020, COVID-19 related global and domestic risk aversion caused distortions to some of the component series of the leading indicator.

Due to the 35-day national lockdown restrictions, temporary distortions to some of the component time series have occurred. The supply and demand shocks caused by the COVID-19 pandemic resulted in unusual behaviour in some component time series and because of the exogenous nature of the pandemic, it is therefore not possible for the composite leading business cycle indicator to have predicted its impact in advance.

- The composite **coincident** business cycle indicator *decreased* by 0.5% on a month-to-month basis in February 2020, extending its sharp downward trend since May 2019.
- The composite **lagging** business cycle indicator *decreased* by 0.2% on a month-to-month basis in February 2020.

The next release is scheduled for 23 June 2020, at 09:00 A.M.

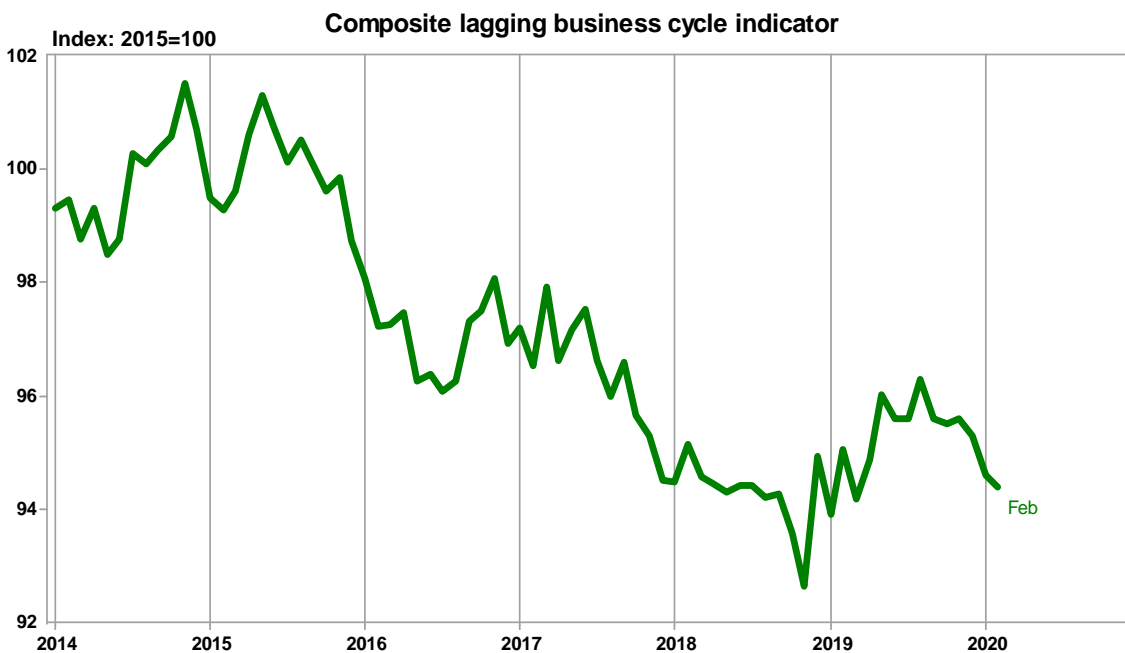
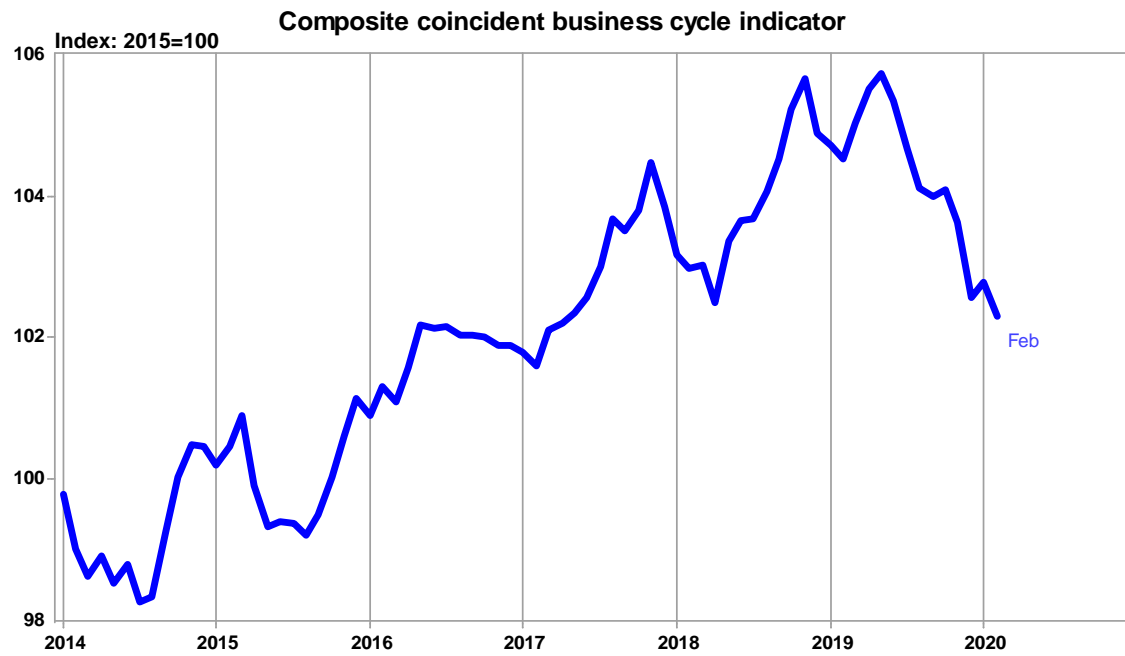
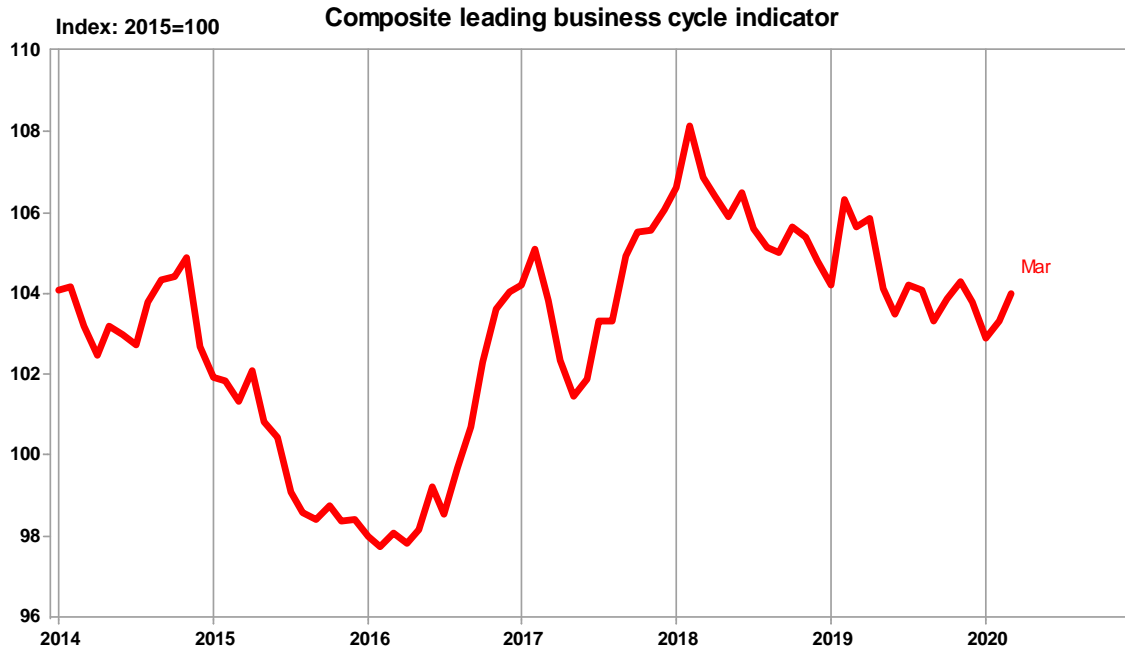


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2019						2020		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Leading indicator	104.2	104.1	103.3	103.9	104.3	103.8	102.9	103.3	104.0
12-month percentage change	-1.3	-1.0	-1.6	-1.7	-1.0	-0.9	-1.3	-2.9	-1.6
Coincident indicator	104.7	104.1	104.0	104.1	103.6	102.6	102.8	102.3	-
12-month percentage change	0.9	0.0	-0.5	-1.1	-1.9	-2.2	-1.9	-2.1	-
Lagging indicator	95.6	96.3	95.6	95.5	95.6	95.3	94.6	94.4	-
12-month percentage change	1.3	2.2	1.4	2.1	3.2	0.4	0.7	-0.7	-

* 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 March 2020 data point:

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

* Bureau for Economic Research, Stellenbosch University