



South African Reserve Bank

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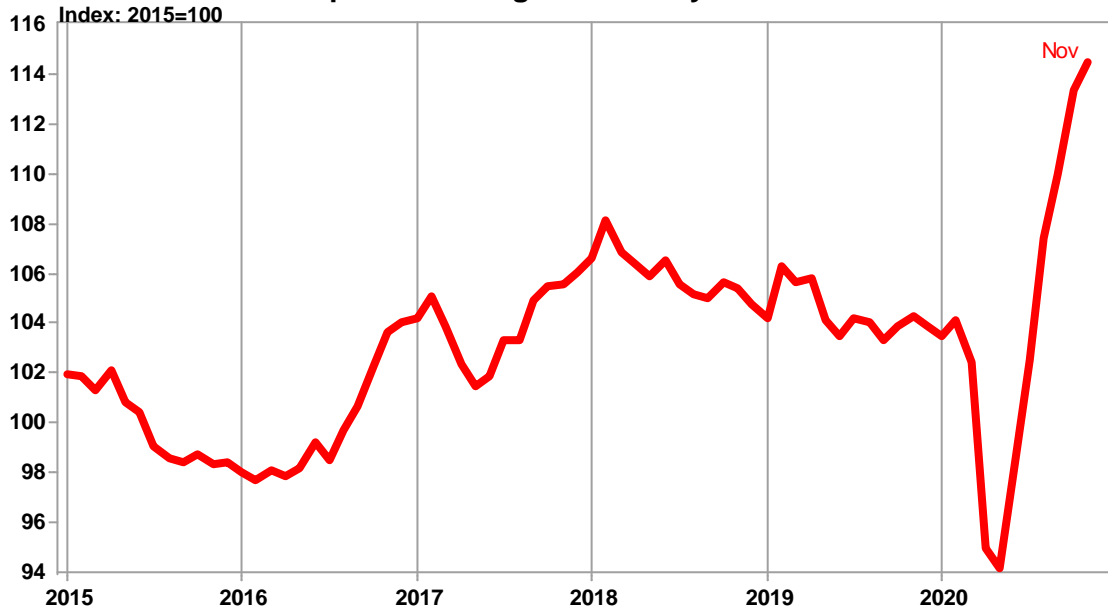
FOR RELEASE: 09:00 A.M., Tuesday, 26 January 2021

Composite business cycle indicators for South Africa

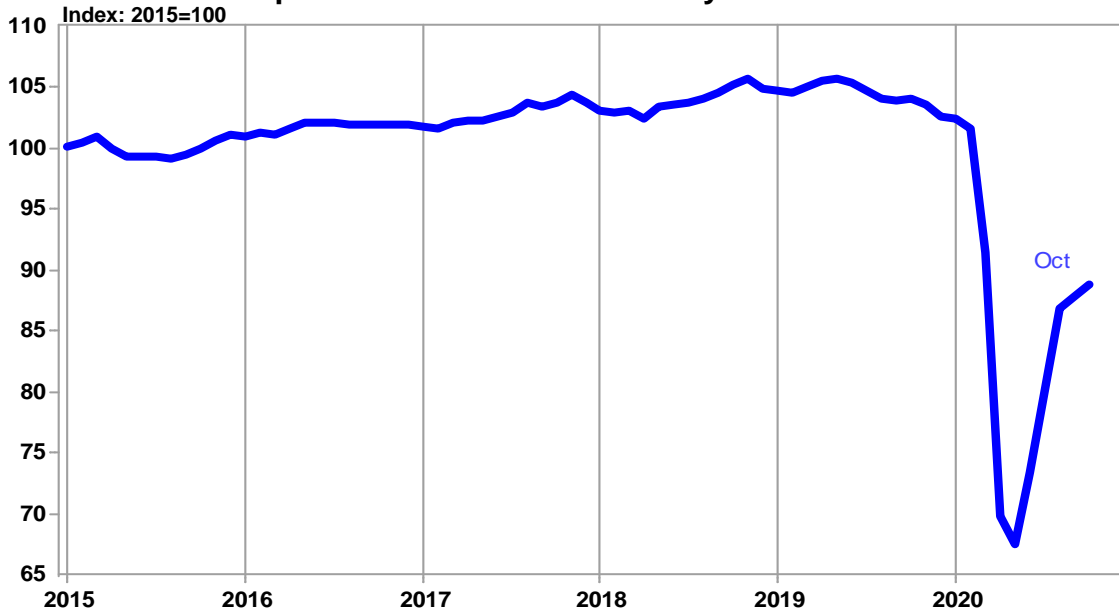
- The month-to-month pace of *increase* in the composite **leading** business cycle indicator moderated to 1.0% in November 2020. Increases in five of the ten available component time series outweighed decreases in the remaining five. The largest contributors to the increase in the composite leading business cycle indicator in November were an improvement in the RMB/BER Business Confidence Index and an increase in the US dollar-denominated South African export commodity price index.
- The composite **coincident** business cycle indicator *increased* further by 1.0% on a month-to-month basis in October 2020. The industrial production index increased in October while real retail and new vehicle sales decreased.
- The composite **lagging** business cycle indicator *increased* marginally by 0.2% on a month-to-month basis in October 2020. The strong increase in the lagging indicator from February to April 2020, which gave the impression of a build-up of pressure and imbalances in the economy, has subsequently been reversed as the initial acceleration in unit labour cost in the manufacturing sector was reversed in the third quarter of 2020, while both the ratio of gross fixed capital formation in machinery and equipment to consumer goods consumption and that of manufacturing and trade inventories to sales also declined sharply in the third quarter.

The next release is scheduled for 23 February 2021, at 09:00 A.M.

Composite leading business cycle indicator



Composite coincident business cycle indicator



Composite lagging business cycle indicator

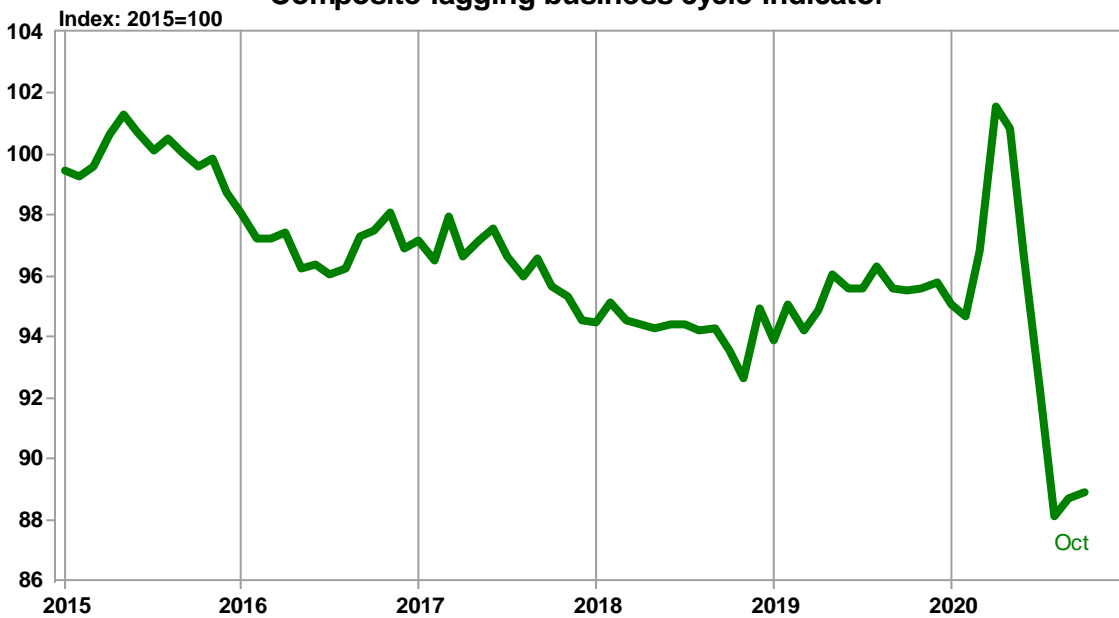


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2020									
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov
Leading indicator	104.1	102.4	95.0	94.2	98.6	102.5	107.4	110.0	113.4	114.5
12-month percentage change	-2.1	-3.1	-10.2	-9.6	-4.7	-1.6	3.2	6.5	9.2	9.8
Coincident indicator	101.6	91.4	69.8	67.5	73.4	80.1	86.9	87.8	88.8	-
12-month percentage change	-2.8	-13.0	-33.9	-36.2	-30.3	-23.5	-16.5	-15.5	-14.7	-
Lagging indicator	94.7	96.9	101.6	100.9	96.6	92.2	88.1	88.7	88.9	-
12-month percentage change	-0.4	2.8	7.1	5.0	1.1	-3.6	-8.5	-7.2	-7.0	-

* 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 November 2020 data point:

Positive contributors (ranked from largest to smallest)
RMB/BER*: Business Confidence Index
Commodity price index for South Africa's main export commodities (US dollar based)
BER*: Average hours worked per factory worker in manufacturing (half weight)
BER*: Volume of orders in manufacturing (half weight)
Number of new passenger vehicles sold (percentage change over 12 months)
Negative 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)
Number of building plans approved: Flats, townhouses & houses larger than 80m ²
Composite leading business cycle indicator for South Africa's major trading-partner countries (percentage change over 12 months)
Unavailable component series
Gross operating surplus as a percentage of gross domestic product

* Bureau for Economic Research, Stellenbosch University