



South African Reserve Bank

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Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *increased* marginally by 0.1% in October 2021, following a general downward movement since reaching a low-base-induced peak in May related to the onset of COVID-19. Five of the ten available component time series increased, while four decreased and one remained unchanged. The largest contributors to the increase were a widening in the interest rate spread and an increase in the US dollar-denominated export commodity price index. The largest detractors were a deceleration in the six-month smoothed growth rate in new passenger vehicle sales and a decrease in the composite leading business cycle indicator for South Africa's main trading partner countries.
- The composite **coincident** business cycle indicator *increased* at a slower pace of 0.7% in September 2021, as real retail and new vehicle sales as well as industrial production increased.
- The composite **lagging** business cycle indicator *increased* by 0.2% in September 2021. Due to the national accounts statistics for the third quarter of 2021 being incorporated, several ratios included as component series in the lagging indicator were revised upwards.

The next release is scheduled for 25 January 2022, at 09:00 A.M.

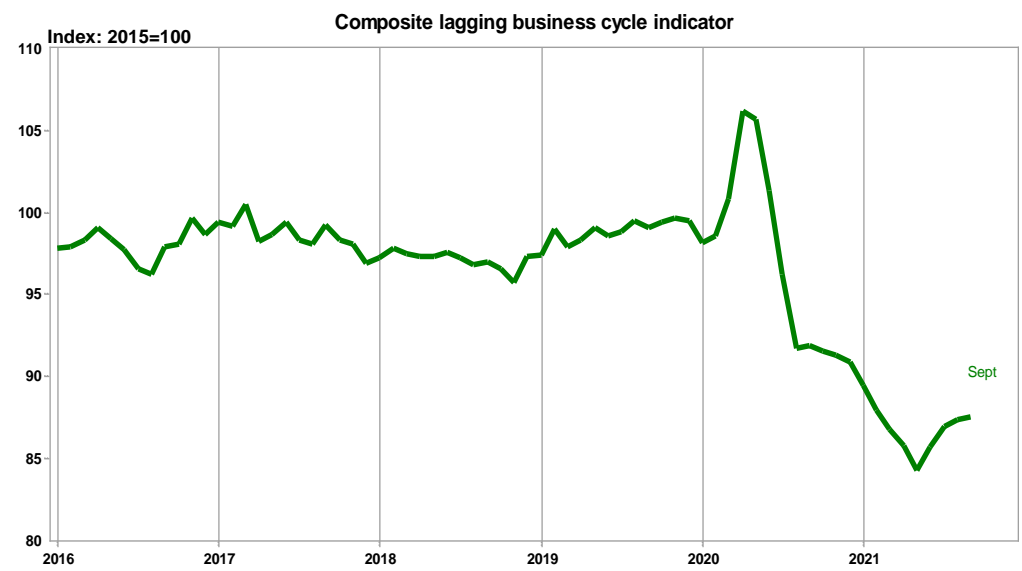
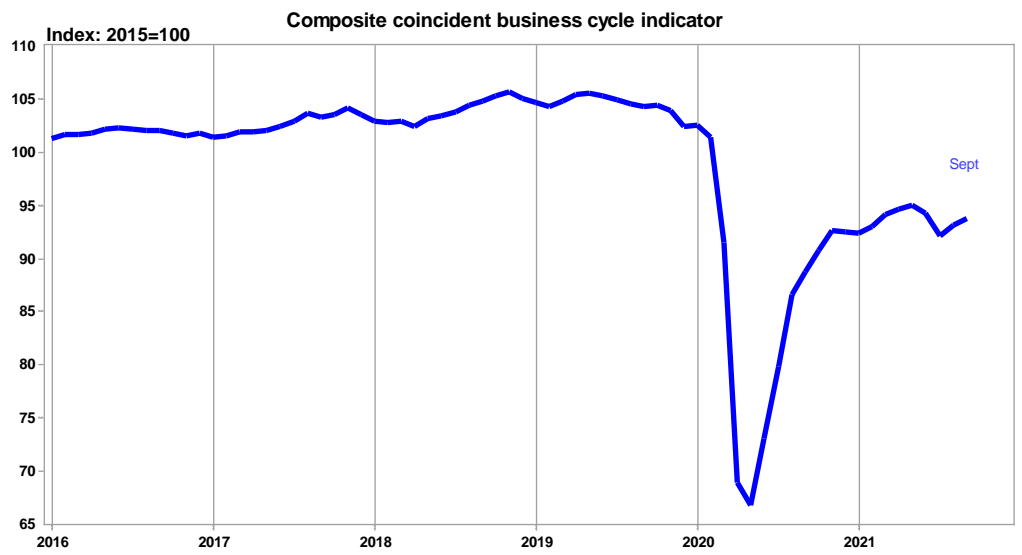
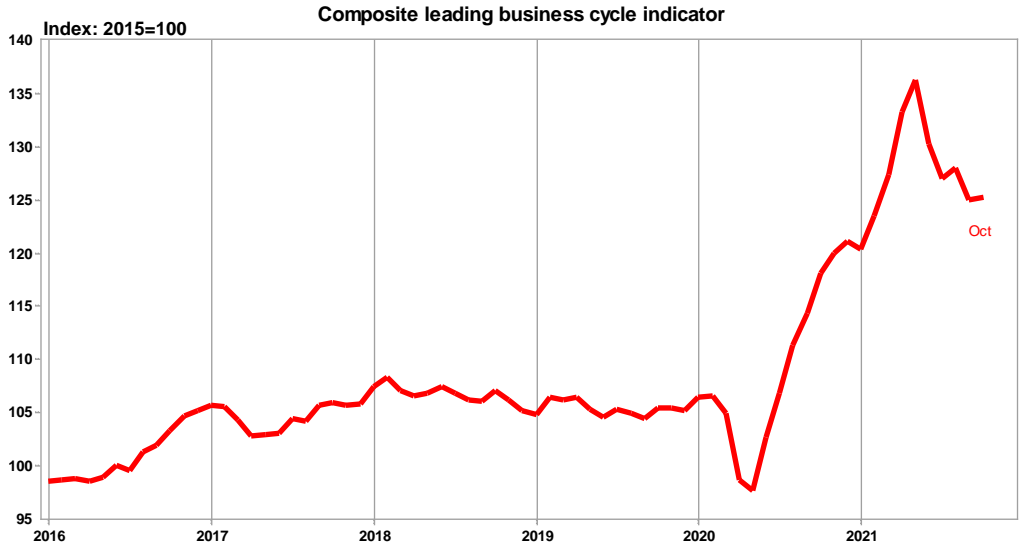


Table 1 Summary of the composite business cycle indicators*

Indices: 2015 = 100	2021								
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Leading indicator	123.5	127.3	133.3	136.2	130.2	127.0	127.9	125.0	125.2
12-month percentage change	15.9	21.4	35.2	39.5	26.8	19.0	14.9	9.3	6.0
Coincident indicator	92.9	94.0	94.5	94.9	94.2	92.1	93.1	93.7	-
12-month percentage change	-8.4	2.9	37.2	42.2	29.0	15.6	7.5	5.7	-
Lagging indicator	87.9	86.8	85.7	84.3	85.7	86.9	87.3	87.5	-
12-month percentage change	-10.8	-13.9	-19.2	-20.3	-15.4	-9.7	-4.8	-4.7	-

* 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 October 2021 data point:

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

* Bureau for Economic Research, Stellenbosch University