South African Reserve Bank

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FOR RELEASE: 09:00 A.M., Tuesday, 20 February 2024

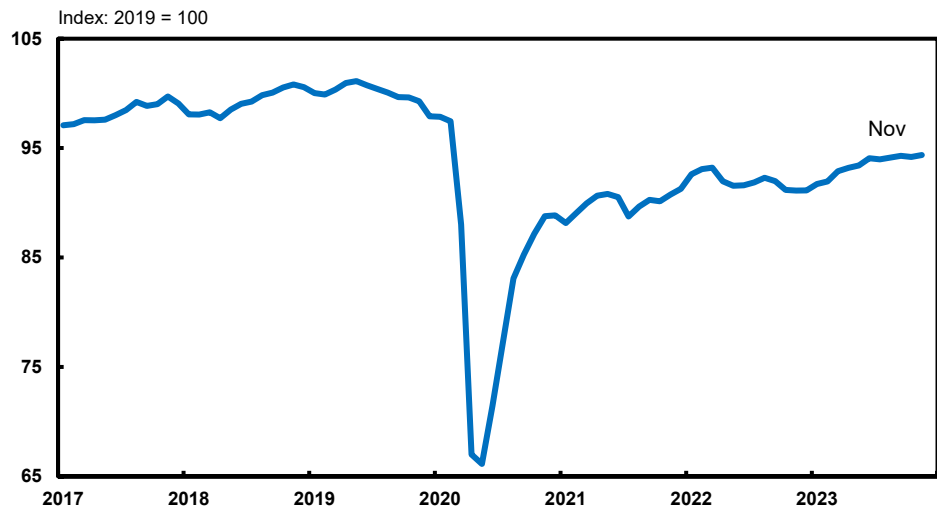# Composite business cycle indicators for South Africa

- The composite **leading** business cycle indicator *decreased* by 0.8% in December 2023. Decreases in four of the nine available component time series outweighed increases in the remaining five. The largest negative contributors were decreases in the number of residential building plans approved and in the average hours worked per factory worker in the manufacturing sector. The largest positive contributors were accelerations in the six-month smoothed growth rate of the number of new passenger vehicles sold and in job advertisement space.

- The composite **coincident** business cycle indicator *increased* by 0.2% in November 2023 due to an increase in the utilisation of production capacity in the manufacturing sector, industrial production and the level of real retail and new vehicle sales.

- The composite **lagging** business cycle indicator *increased* by 1.1% in November 2023.

The next release is scheduled for 26 March 2024, at 09:00 A.M.
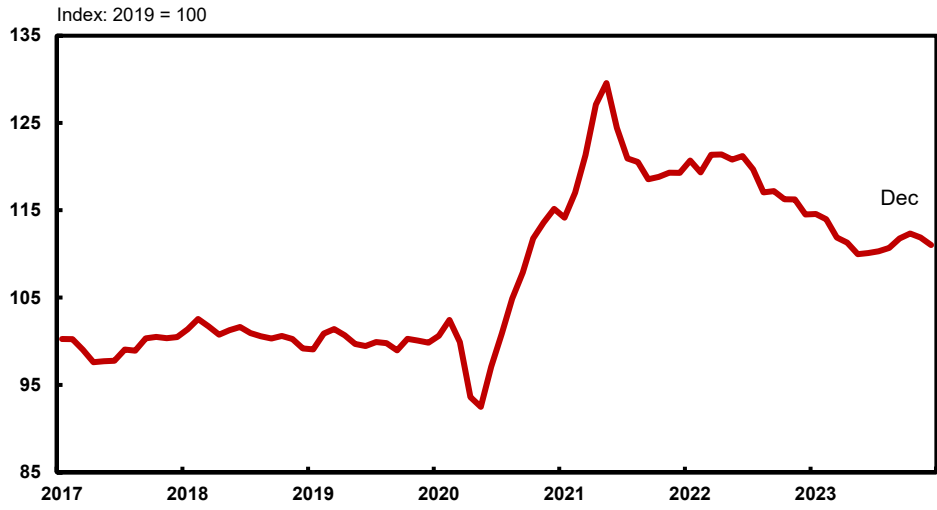
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Composite leading business cycle indicator

Index: 2019 = 100

Composite coincident business cycle indicator

Index: 2019 = 100

Composite lagging business cycle indicator

Index: 2019 = 100
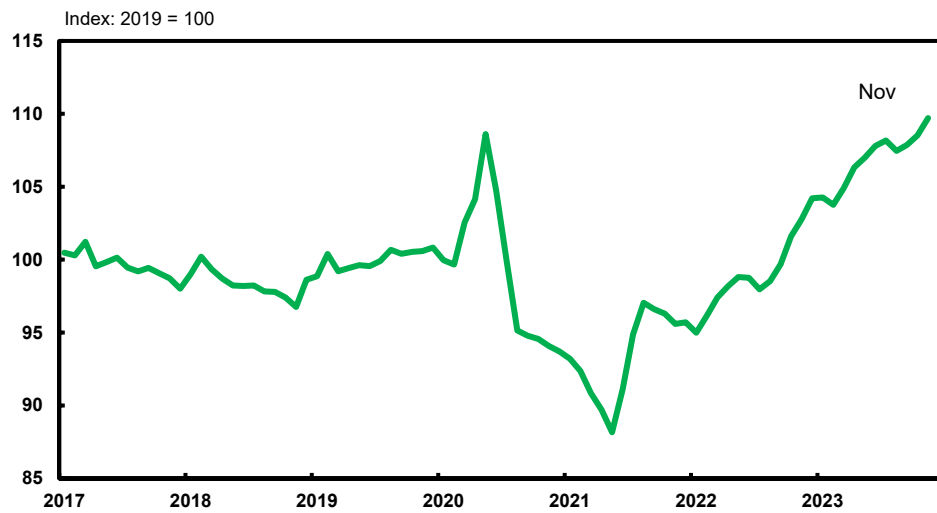
Table 1   Summary of the composite business cycle indicators*

Indices: 2019 = 100	2023								
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Leading indicator	111.3	110.0	110.1	110.3	110.7	111.8	112.3	111.9	111.0
Monthly percentage change	*-0.5*	*-1.2*	*0.1*	*0.2*	*0.3*	*1.0*	*0.5*	*-0.4*	*-0.8*
12-month percentage change	*-8.3*	*-9.0*	*-9.2*	*-7.8*	*-5.5*	*-4.6*	*-3.4*	*-3.8*	*-3.1*
Coincident indicator	93.2	93.4	94.1	94.0	94.1	94.3	94.2	94.4	-
Monthly percentage change	*0.3*	*0.2*	*0.7*	*-0.1*	*0.2*	*0.2*	*-0.1*	*0.2*	*-*
12-month percentage change	*1.3*	*2.0*	*2.7*	*2.3*	*2.0*	*2.5*	*3.3*	*3.6*	*-*
Lagging indicator	106.3	107.0	107.8	108.2	107.5	107.9	108.5	109.7	-
Monthly percentage change	*1.4*	*0.6*	*0.8*	*0.3*	*-0.7*	*0.4*	*0.6*	*1.1*	*-*
12-month percentage change	*8.3*	*8.3*	*9.2*	*10.4*	*9.1*	*8.2*	*6.8*	*6.8*	*-*

* 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 December 2023 data point:**

Negative contributors (ranked from largest to smallest)
Number of building plans approved: Flats, townhouses & houses larger than 80m²
BER*: Average hours worked per factory worker in manufacturing (half weight)
BER*: Volume of orders in manufacturing (half weight)
Interest rate spread: 10-year government bonds minus 91-day Treasury bills
Positive contributors (ranked from largest to smallest)
Number of new passenger vehicles sold (six-month smoothed growth rate)
Job advertisements: The Sunday Times (six-month smoothed growth rate)
Composite leading business cycle indicator for South Africa's major trading-partner countries (percentage change over 12 months)
Commodity price index for South Africa's main export commodities (US dollar based)
Real M1 (six-month smoothed growth rate)
Unavailable component series
RMB/BER* Business Confidence Index
Gross operating surplus as a percentage of gross domestic product

 * Bureau for Economic Research, Stellenbosch University