



Monthly ECONOMIC REVIEW

February 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity remained positive in February 2019, following improvements registered in the previous month. The major driver behind the observed trend continued to come from high domestic demand while the production side remained under pressure.

Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), increased by 1.1 per cent in February 2019, compared with a growth of 0.9 per cent realised in the previous month. Ten of the fourteen component variables that make up the MIEA contributed positively to the overall index, while the four variables contributed negatively. Domestic demand variables together with the transportation and construction variables remained supportive to the observed increase, as signified by positive contributions from fuel consumption and cement imports, respectively. In addition, credit to the private sector contributed positively to the overall index.

Domestic Demand Category

The domestic demand index picked up significantly compared with the previous month. This category was estimated to have grown by 2.7 per cent. The growth mainly represented major positive contributions from VAT and PAYE collections, use of goods and services, and imports of goods and services. The observed trend signalled strong demand for goods and services in the economy. However, compensation of employees from the government side continued to be on the down turn.

Manufacturing & Production Category

The production index continued to decline in the review month. The index declined by 1.1 per cent in February 2019 as opposed to a decline of 0.7 per cent in the preceding month. The decline continued to be attributable to significant negative contributions from water and electricity consumption used for industrial purposes, indicative of sluggish production in the economy.