



Monthly ECONOMIC REVIEW

August 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity registered zero growth in the review month, which represents a slowdown from the meagre 0.1 per cent reported for the month of July 2019. Economic activity was supported by domestic demand, while production activity remained subdued.

Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), in August 2019, grew at the rate of 0.0 per cent, which is a slowdown from the 0.1 per cent that was recorded in July. The growth was attributed to positive contributions from the seven of the fourteen component variables that make up the index, while the other seven contributed negatively. Economic activity continued to be supported by domestic demand. Despite the sluggish growth, observation of the individual components points to an increased construction activity.

Domestic Demand Category

The domestic demand index showed a comparatively higher growth in August 2019 compared than in July 2019. This index was estimated to have grown by 1.3 per cent. The growth was mainly attributable to positive contributions from government compensation of employee, PAYE collections. Imports of goods and services also contributed positively though with a slightly lower figure.

Manufacturing & Production Category

The production index continued to decline in the review month. This is the eighth successive month of the sustained decline, signifying a gloomy business and investment environment. The index declined by 3.1 per cent in August 2019 following 2.2 per cent decrease in the preceding month. The deterioration was reflected in significant negative contributions from water and electricity consumption used for industrial purposes, indicative of a low production activity in the economy, while exports of textiles showed marginal positive contribution.