



Monthly ECONOMIC REVIEW

December 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity maintained growth rate realised in November 2019. Growth continued to be subdued given a slow performance from the demand side, which undermined production.

Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), did not show signs of recovery in December, following consecutive low growth in the previous two months. Economic activity remained sustained by relatively low positive contributions from eight of the fourteen components that make up the MIEA. Domestic demand was subdued in the review month. In addition, the transport and construction subsectors performed poorly, with relatively low contributions from fuel consumption and cement imports, respectively.

Domestic Demand Category

The domestic demand index maintained the same rate observed in November 2019. This index was estimated to have grown by 0.8 per cent in December 2019. The growth continued to be attributable to positive contributions from government compensation of employees, PAYE collections, signifying increased earnings which may translates into increased employment levels both by the government and the private sector. Imports of goods and services also contributed positively, though at a low rate, compared to last month indicative of relatively restrained demand for goods and services in the month under review. However, VAT collections contributed negatively, moderating the growth in the demand side.

Manufacturing & Production Category

The production index continued on the sustained downward trajectory in the review month, with a slightly bigger percentage of a decline. The index declined by 2.7 per cent in December 2019 following a decline of 2.6 per cent in the preceding month. The decline came as a result of negative contributions from utilities consumption used for industrial purposes together with output from the textiles and clothing industry.