



# Monthly ECONOMIC REVIEW

April 2019

CENTRAL BANK OF LESOTHO

## I. ECONOMIC ACTIVITY

Economic activity registered a relatively lower growth rate in April 2019 compared with that observed in the previous month. The major driver behind the observed growth continued to be supported by domestic demand while the production side remained sluggish.

### Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), increased by 1.0 per cent in April 2019, compared with a growth of 1.3 per cent in March 2019. The growth was attributed to positive contributions from the nine component variables of the fourteen variables, that make up the index, while the remaining five variables contributed negatively. Domestic demand variables together with the transportation subsector continued to support the observed economic performance. In addition, credit to the private sector showed a substantial positive growth supporting economic activity further in the review month.

### Domestic Demand Category

The domestic demand index showed a sustained positive growth in the month of April 2019 compared with the previous month. This category was estimated to have grown by 3.1 per cent compared with the 3.7 per cent growth in March 2019. The development mainly represented major positive contributions from VAT and PAYE collections and imports of goods and services. The observed trend signalled strong demand for goods and services in the economy. However, government performance remained sluggish in the review month as shown by negative contribution from the government use of goods and services.

### Manufacturing & Production Category

The production index continued to decline in the review month. The index declined by 2.1 per cent in April 2019 following a decline of 1.8 per cent in the preceding month. The decline continued to emanate from electricity and water consumption used for production purposes, thus signalling a persistent deterioration in domestic production.