



Monthly ECONOMIC REVIEW

September 2020

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity recorded positive growth in September, though significantly lower than the two preceding months. Both demand and production drove the growth in activity.

Overall Performance Index

The monthly indicator of economic activity (MIEA) recorded a 1.1 per cent growth in September 2020. The growth rate is, however, considerably slower than the 3.6 per cent recorded in the preceding month. The index continued an upward trajectory that started in July. It is the demand category components that have contributed more to this month's activity while the production and manufacturing category contributed more in the months of July and August.

Domestic Demand Category

With the opening of the economy following the easing of lockdown restrictions for major industries, the demand in September grew by a buoyed 11.1 per cent. This showed significant improvement

from the 5.5 per cent recorded in August. The sustained growth was a result of improvements in tax collections, both income and sales taxes, as deferment of tax collections came to an end, as well as, demand for goods and services locally. Both inland and import taxes have showed significant growth compared to the previous month. Government's spending on goods and services also increased in the review month.

Manufacturing & Production Category

The index on manufacturing was under pressure for the first time after the pandemic. The index contracted by a 2.3 per cent in comparison to the 14.1 per cent growth recorded in August 2020. The manufacturing industry still performed satisfactorily despite the contraction in the whole index, with textile exports to the US and inputs from SA, as well as, industrial use of electricity contributing positively despite a lackluster performance by the industrial use of water. Number of orders in the US markets continued to grow as the economies around the world are now trading.