



Monthly ECONOMIC REVIEW

November 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity continued on a steady growth rate in November 2019. Activity was mostly supported by high domestic demand while production side continued to be under pressure in the review month.

Overall Performance Index

Growth in economic activity as measured by the monthly indicator of economic activity (MIEA), remained unchanged at 0.1 per cent in November 2019. The growth was attributed to positive contributions from eight variable components that make up the MIEA while the other six variables moderated the positive performance. This continued to benefit from domestic demand, increased activity in the construction sector, as indicated by high imports of cement and metallic products. In addition, credit to the private sector contributed positively to the overall economic activity in the month under review, together with high consumption of fuels indicative of increased activity in the transport subsector.

Domestic Demand Category

The domestic demand index registered a slightly lower growth rate of 1.0 per cent in November 2019 relative to the 1.4 per cent realised in the previous month. The growth was mainly attributable to positive contributions from government compensation of employee, PAYE collections, signifying increased earnings. Imports of goods and services also contributed positively, signalling increased consumption during the month under review. However, VAT collections contributed negatively for the second consecutive month moderating the growth in the demand side.

Manufacturing & Production Category

The production index continued on the stable negative growth for the third month in a row. The index declined by 2.6 per cent in November, the same rate recorded in October. The decline came as a result of negative contributions from water and electricity consumption used for production purposes, as well as, exports of textiles. The observed trend suggests the productive activity in the economy continues to be under pressure.