



Monthly ECONOMIC REVIEW

January 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity picked up in the month of January 2019 compared with a lower positive growth observed in December 2018. The major driver behind the observed trend continued to come from high domestic demand while the production side contracted in the review month.

Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), increased by 0.9 per cent in January 2019, compared with a growth of 0.7 per cent in December. Nine of the fourteen component variables that make up the MIEA contributed positively to the overall index, while the five variables contributed negatively. In addition to the domestic variables, construction activity picked up in the month of January as evidenced by significant positive contribution from imports of cement, whereas imports of metallic products remained sluggish. The transport sector remained firm as portrayed by a positive contribution from consumption of petrol and diesel. Moreover, private sector credit contributed to the observed growth in the overall index.

Domestic Demand Category

The domestic demand index increased by more than double in the month of January as compared with the previous month. This category was estimated to have grown by 1.7 per cent. The growth mainly represented major positive contributions from VAT and PAYE collections, use of goods and services, and imports of goods and services. The observed trend signalled strong demand for goods and services in the economy. However, compensation of employees from the government side continued to show negative contributions.

Manufacturing & Production Category

The production index declined in the review month. The index declined by 0.4 per cent in January 2019 as opposed to the unchanged index in the previous month. The decline was attributable to significant negative contributions from water and electricity consumption, which was used mainly for industrial purposes, indicative of low production in the economy.