



Monthly ECONOMIC REVIEW

July 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity picked up slightly in July 2019 compared with a contraction realised in the previous month. The observed growth was supported by domestic demand while the production side remained sluggish in the review month.

Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), increased marginally by 0.1 per cent in July 2019, compared with a contraction of 0.5 per cent in June. The growth was attributed to positive contributions from the eight of the 14 component variables that make up the index, while the remaining six variables contributed negatively. Contrary to the previous month, domestic demand supported the observed growth.

Domestic Demand Category

The domestic demand index showed a positive growth in July in contrast to the dip observed in the previous month. This index was estimated to have grown by 1.0 per cent. The growth was mainly attributable to positive contributions from VAT and PAYE collections, government compensation of employees, and imports of goods and services.

Manufacturing & Production Category

The production index continued to decline in the review month. The index declined by 2.4 per cent in July 2019 following a decline of 2.8 per cent in the preceding month. The deterioration was reflected in significant negative contributions from water and electricity consumption used for industrial purposes, indicative of a low production activity in the economy.