



Monthly ECONOMIC REVIEW

June 2020

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity is estimated to have continued on a downward trajectory in June 2020. Both demand and production sides continued to depict contracting performances.

Overall Performance Index

As estimated by the monthly index of indicator of economic activity (MIEA), economic performance has contracted further by 3.0 per cent in June, after a 2.9 per cent decline in May 2020. The MIEA index has contracted for the sixth consecutive month. The six months have coincided with the world's struggle with the duration of COVID-19 pandemic which has necessitated restriction aimed at curbing the spread of the virus. Both domestic demand and production side continued to contract, with twelve out of a total fourteen variables all contributing negatively to the index in the review month.

Domestic Demand Category

The index for domestic demand contracted by 1.3 per cent in June 2020, following the 1.4 per cent contraction in the previous month. Government of Lesotho (GoL) purchase of goods and services, compensation of employees, VAT and personal income tax collections as well as imports from SA all contributed negatively to the index.

Manufacturing & Production Category

The production index contracted by 3.9 per cent in the review month compared with a significant decline of 16.3 per cent that was recorded in the preceding month. The use of utilities (water and electricity) for industrial production and textile exports to the US markets continued to be under pressure, all reflecting negative contributions to the index.