



# Monthly ECONOMIC REVIEW

AUGUST 2020

CENTRAL BANK OF LESOTHO

## I. ECONOMIC ACTIVITY

Economic activity continued on a recovery path in August in 2020 building on the recovery registered in July 2020. The improved performance was attributable to both demand and production as they continued to show positive signs of recovery.

### Overall Performance Index

The overall monthly indicator of economic activity (MIEA) continued on an upward trajectory in August 2020. The index recorded a 3.6 per cent increase in August 2020. The growth was slower compared to the 9.5 per cent recorded in July 2020. This was mainly on account of production side of the economy as more firms continued to return to pre-pandemic operations level.

### Domestic Demand Category

Domestic demand index recorded a 2.4 per cent increase in August 2020. The index of domestic demand continued to grow as movement restrictions were getting looser. After

recording an increase of 2.5 per cent in July, the index's growth rate accelerated to faster 5.6 per cent growth rate in August. Growth emanated mainly from imports of goods and services from South Africa (SA). Credit extension by the financial sector, as well as VAT collections also boosted domestic demand.

### Manufacturing & Production Category

Manufacturing and production category continued to be the main contributor in the recovery of the economy. The index grew by 14.1 per cent in August after growing by 15.7 per cent in the preceding month. The manufacturing industry continued to recover after most textiles industries had their short-term and medium-term orders back in schedule after the cancellations due to the COVID-19 pandemic. Textile exports into the US markets showed recovering patterns as orders improved - after lifting of mobility and activity restrictions that had stifled much of international trade were relaxed worldwide.