



Monthly ECONOMIC REVIEW

March 2019

CENTRAL BANK OF LESOTHO

I. ECONOMIC ACTIVITY

Economic activity increased slightly in March 2019 compared with a growth observed in the previous month. The major driver behind the growth continued to come from high domestic demand while the production side remained under pressure in the review month.

Overall Performance Index

Economic performance as measured by the monthly indicator of economic activity (MIEA), increased by 1.2 per cent in March 2019, compared with a growth of 1.1 per cent realised in the previous month. Nine of the fourteen component variables that make up the MIEA contributed positively to the overall index, while the remaining five variables contributed negatively. Like in the previous month, Domestic demand variables together with the transportation and construction variables remained supportive to the observed increase, as signified by positive contributions from fuel consumption and cement imports, respectively.

Domestic Demand Category

The domestic demand index continued to register positive growth in March as compared with the previous month. This category was estimated to have increased by 3.7 per cent. The development 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. For the first time in more than a year, compensation of employees from the government side contributed positively to the index.

Manufacturing & Production Category

The production index continued to decline in the review month. The index declined by 1.9 per cent in March 2019 as opposed to a decline of 0.9 per cent in the preceding month. The decline continued to be attributable to significant negative contributions from water and electricity consumption used for industrial purposes, indicative of a low production activity in the economy.