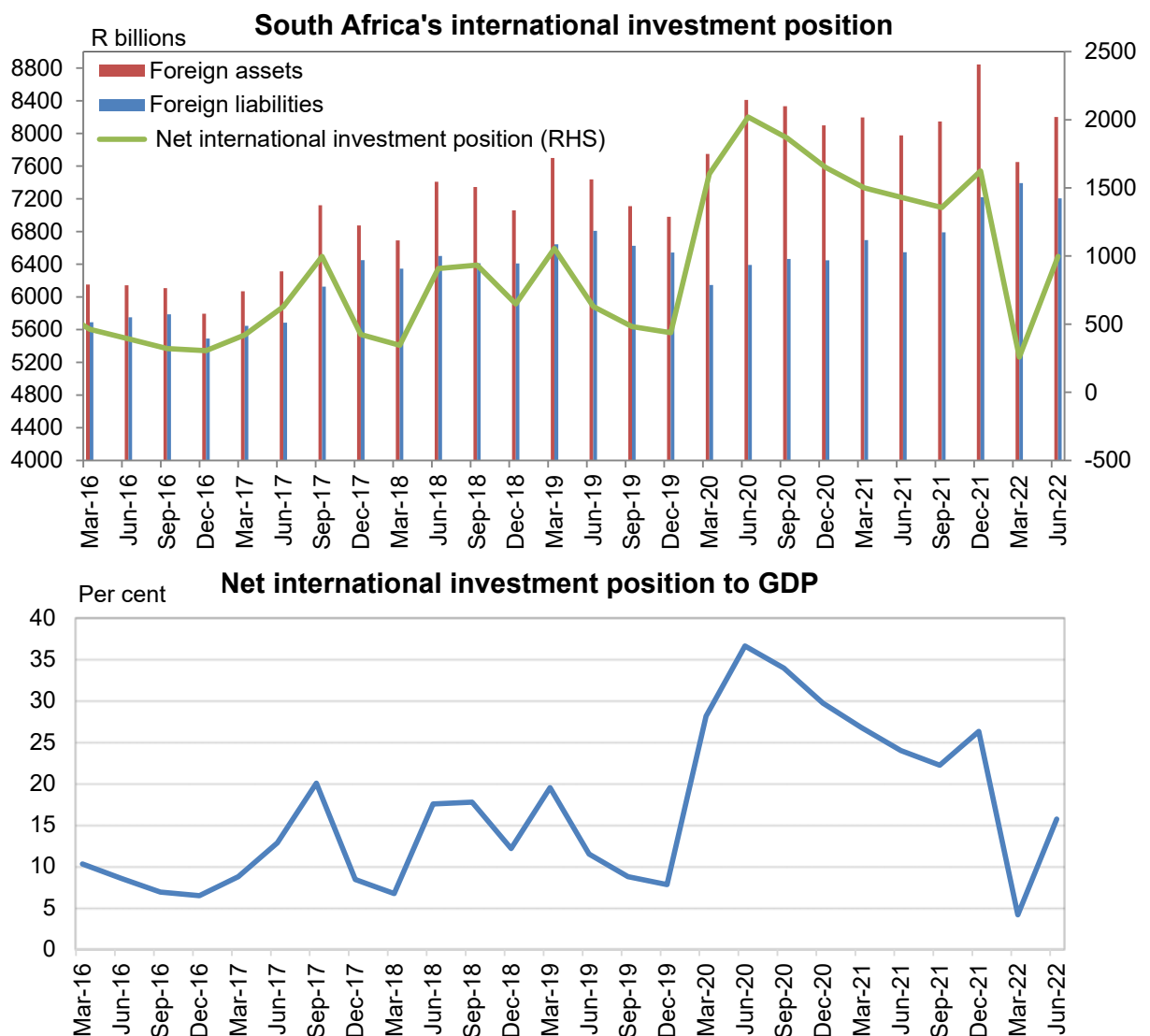


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased from a revised R257 billion at the end of March 2022 to R998 billion at the end of June. The increase reflected a significant increase in foreign assets together with a slight decrease in foreign liabilities. The exchange value of the rand had a notable effect on foreign assets and, to a lesser extent, on foreign liabilities as the nominal effective exchange rate (NEER) of the rand decreased, on balance, by 6.2% in the second quarter of 2022.



Source: SARB

¹ Net calculated as foreign assets minus foreign liabilities

Foreign assets

The market value of South Africa's foreign assets (outward investment) increased by 7.2% from a revised R7 650 billion at the end of March 2022 to R8 202 billion at the end of June as all functional categories increased, except portfolio investment. The increase in direct investment mainly resulted from the valuation effects of an increase in the share price of a large dual-listed company with a primary listing abroad. Portfolio investment assets decreased as the US Standard & Poor's (S&P) 500 Index decreased by 16.4 per cent along with other major world stock market indices. Other investment assets increased mainly due to the domestic banking sector increasing their deposits at non-resident banks, while reserve assets increased mainly as a result of the depreciation in the exchange value of the rand.

Composition of outward investment

R billions

	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Direct investment.....	3 406	3 241	3 560	2 757	3 156
Portfolio investment.....	2 952	3 184	3 559	3 241	3 180
Financial derivatives.....	135	126	127	126	153
Other investment.....	704	730	683	678	748
Reserve assets.....	778	865	915	848	964
Total.....	7 976	8 145	8 844	7 650	8 202
<i>Memo: US\$/Rand exchange rate</i>	14.3073	15.1360	15.8899	14.4705	16.2511

Source: SARB

Components may not add up to totals due to rounding off.

Foreign liabilities

The market value of South Africa's foreign liabilities (inward investment) decreased by 2.6% from a revised R7 393 billion at the end of March 2022 to R7 204 billion at the end of June. The decrease in foreign liabilities reflected decreases in direct and portfolio investment, which more than countered increases in financial derivatives and other investment. Direct investment decreased as a result of valuation effects as the FTSE/JSE All-Share Index (Alsi) declined by 12.3% in the second quarter of 2022. The decline in the index also contributed to the lower value of portfolio investment liabilities. This decrease was partly countered by the issuance of two international bonds to the combined value of US\$3 billion by the national government in the second quarter of 2022, which was only partially offset by the redemption of an international bond of US\$1 billion by the national government. The increase in other investment liabilities was mainly due to non-residents granting short-term loans to the domestic private

banking and non-banking sectors and, to a lesser extent, increased deposits in the domestic banking sector.

Composition of inward investment

R billions

	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Direct investment.....	2 086	2 612	2 780	2 712	2 700
Portfolio investment.....	3 437	3 054	3 314	3 512	3 218
Financial derivatives.....	145	134	129	133	160
Other investment.....	879	990	997	1 035	1 126
Total.....	6 546	6 790	7 219	7 393	7 204
<i>Memo: US\$/Rand exchange rate</i>	14.3073	15.1360	15.8899	14.4705	16.2511

Source: SARB

Components may not add up to totals due to rounding off.

Concluding comments

South Africa's positive net IIP increased as the market value of foreign assets increased significantly compared to the decrease in foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 121.7% at the end of March 2022 to 128.8% at the end of June, while foreign liabilities decreased from 117.6% to 113.1% over the same period. This resulted in an increase in the positive net IIP from 4.1% at the end of March 2022 to 15.7% of GDP at the end of June.

South Africa's IIP as at end September 2022 will be released on the Bank's website at the end of December 2022.

² Annual GDP is calculated as the sum of the most recent four quarters of nominal GDP.