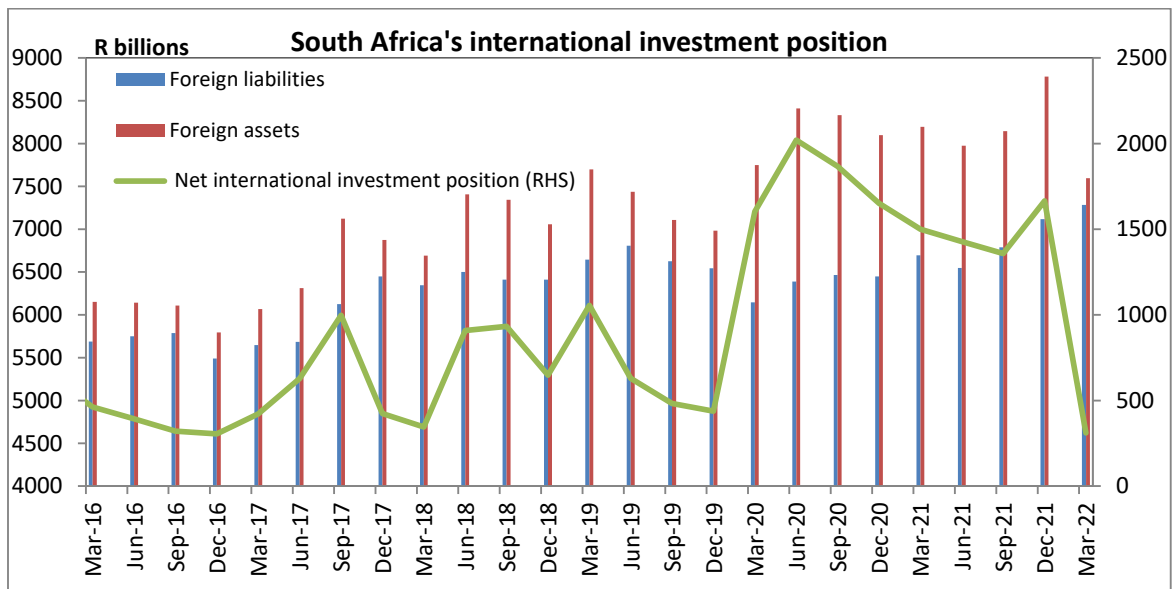


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) decreased significantly from a revised R1 666 billion at the end of December 2021 to R310 billion at the end of March 2022. The decrease in the positive net IIP reflected a substantial decline of R1 185 billion in foreign assets and an increase of R170 billion in foreign liabilities. The exchange value of the rand had a significant effect on foreign assets and, to a lesser degree, on foreign liabilities as the nominal effective exchange rate of the rand increased, on balance, by 10.8% in the first quarter of 2022.



Source: SARB

Foreign assets

The market value of South Africa's foreign assets (outward investment) decreased by 13.5% from a revised R8 782 billion at the end of December 2021 to R7 597 billion at the end of March 2022. Foreign assets in the first quarter 2022 reflected a decrease in all functional categories. Direct investment decreased substantially mainly as result of the valuation effects due to the decline in the share price of a large dual-listed company with a primary listing abroad. Portfolio investment assets also decreased mainly due to the decline in most international equities market indices as, amongst others, the US Standard & Poor's (S&P) 500 Index declined by 4.9 per cent in the first quarter of 2022 as well as exchange rate valuations. This was further exacerbated by the decrease in share prices of dual-listed companies with a primary listing abroad. Other investment assets decreased marginally mainly due to the decline in foreign assets of the banking

¹ Net calculated as foreign assets minus foreign liabilities

sector in the first quarter of 2022, while reserve assets decreased mainly as a result of the appreciation in the exchange rate of the rand.

Composition of outward investment

R billions

	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Direct investment.....	3 709	3 406	3 241	3 501	2 704
Portfolio investment.....	2 868	2 952	3 184	3 555	3 239
Financial derivatives.....	152	135	126	127	126
Other investment.....	681	704	730	684	680
Reserve assets.....	784	778	865	915	848
Total.....	8 194	7 976	8 145	8 782	7 597
<i>Memo: US\$/Rand exchange rate</i>	14.8369	14.3073	15.1360	15.8899	14.4705

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) increased by 2.4% from a revised R7 116 billion at the end of December 2021 to R7 286 billion at the end of March 2022. The increase in foreign liabilities reflected an increase in all functional categories except direct investment. Direct investment decreased as result of valuation effects as the share price of a large South African company declined. The increase in the FTSE/JSE All-share Index of 2.4% in the first quarter of 2022 contributed to higher values of portfolio investment liabilities together with non-resident net purchases of South African equity securities. Other investment increased mainly as a result of non-residents extending loans to the domestic banking and private non-banking sectors as well as national government borrowing US\$750 million from the World Bank. Loans extended to the private non-banking sector included loans incurred as a result of the settlement of global claims by a South African company.

Composition of inward investment

R billions

	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Direct investment.....	2 032	2 086	2 612	2 762	2 695
Portfolio investment.....	3 584	3 437	3 054	3 228	3 422
Financial derivatives.....	152	145	134	129	133
Other investment.....	927	879	990	997	1 035
Total.....	6 695	6 546	6 790	7 116	7 286
<i>Memo: US\$/Rand exchange rate</i>	14.8369	14.3073	15.1360	15.8899	14.4705

Source: SARB

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

Concluding comments

South Africa's positive net IIP decreased significantly as foreign assets declined and foreign liabilities increased. As a ratio of South Africa's annual gross domestic product (GDP), foreign assets decreased from 141.1% at the end of December 2021 to 119.7% at the end of March 2022, while foreign liabilities increased from 114.3% to 114.8% over the same period. This resulted in a decrease of the positive net IIP from 26.8% at the end of December 2021 to 4.9% of GDP at the end of March 2022.

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