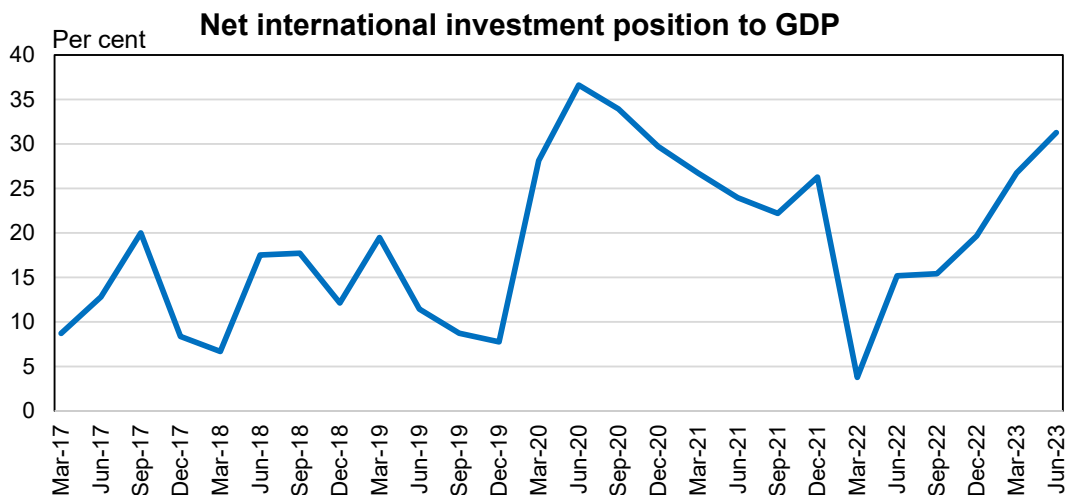
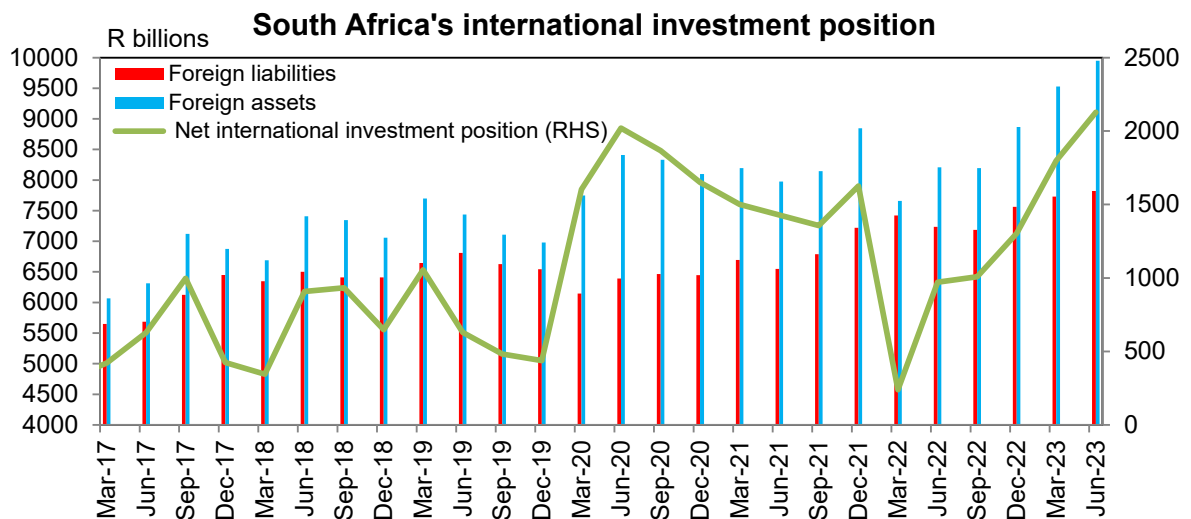


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased further from a revised R1 798 billion at the end of March 2023 to R2 128 billion at the end of June. The increase in the positive net IIP reflected a significant increase in foreign assets compared to a marginal increase in foreign liabilities. The exchange value of the rand had an impact on foreign assets and to a lesser extent on foreign liabilities as the nominal effective exchange rate declined on balance by 4.3 per cent in the second quarter of 2023. While the US Standard & Poor's (S&P) 500 Index continued its strong growth in the second quarter of 2023, the FTSE/JSE All-share Index declined slightly, further contributing to the increase in the positive net IIP.



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 4.4% from a revised R9 527 billion at the end of March 2023 to R9 948 billion at the end of June as all functional categories increased. The increase in direct and portfolio investment mainly resulted from the increase in the US S&P 500 Index by 8.3 per cent as well as some other international indices. The increase in direct investment was also supported by valuation effects of an increase in the share prices of dual-listed companies with a primary listing abroad. The increase in portfolio investment was augmented by the domestic banking sector purchase of foreign debt securities during the second quarter of 2023. Other investment assets increased mainly due to the domestic banking sector extending short-term loans to non-residents, 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 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023
Direct investment.....	3 158	3 117	3 534	3 885	3 962
Portfolio investment.....	3 184	3 114	3 455	3 684	3 880
Financial derivatives.....	153	193	123	121	152
Other investment.....	748	713	724	739	788
Reserve assets.....	964	1 059	1 029	1 099	1 167
Total.....	8 207	8 196	8 865	9 527	9 948
<i>Memo: US\$/Rand exchange rate</i>	16.2511	17.8937	16.9831	17.8139	18.9237

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 1.2% from a revised R7 729 billion at the end of March 2023 to R7 820 billion at the end of June. The increase in foreign liabilities also reflected an increase in all functional categories. Direct investment increased only marginally, while the moderate increase in portfolio investment was mainly due to net purchases of South African government bonds by non-residents. The increase in other investment liabilities was mainly due to the national government receiving a US\$500 million South African National Road Agency (SANRAL) Sustainability Loan and, to a lesser extent, increased non-resident deposits in the domestic banking sector.

Composition of inward investment

R billions

	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023
Direct investment.....	2 732	2 726	2 926	3 016	3 040
Portfolio investment.....	3 218	3 073	3 326	3 354	3 398
Financial derivatives.....	160	190	109	112	127
Other investment.....	1 126	1 199	1 202	1 248	1 255
Total.....	7 236	7 188	7 563	7 729	7 820
<i>Memo: US\$/Rand exchange rate</i>	16.2511	17.8937	16.9831	17.8139	18.9237

Source: SARB

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

Concluding comments

South Africa's positive net IIP increased further as the market value of foreign assets increased significantly compared to a marginal increase in foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 141.7% at the end of March 2023 to 146.9% at the end of June, while foreign liabilities decreased from 115.0% to 114.9% over the same period. This resulted in an increase in the positive net IIP to GDP from 26.7% at the end of March 2023 to 31.3% at the end of June.

South Africa's IIP as at end September 2023 will be released on the Bank's website at the end of December 2023.

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