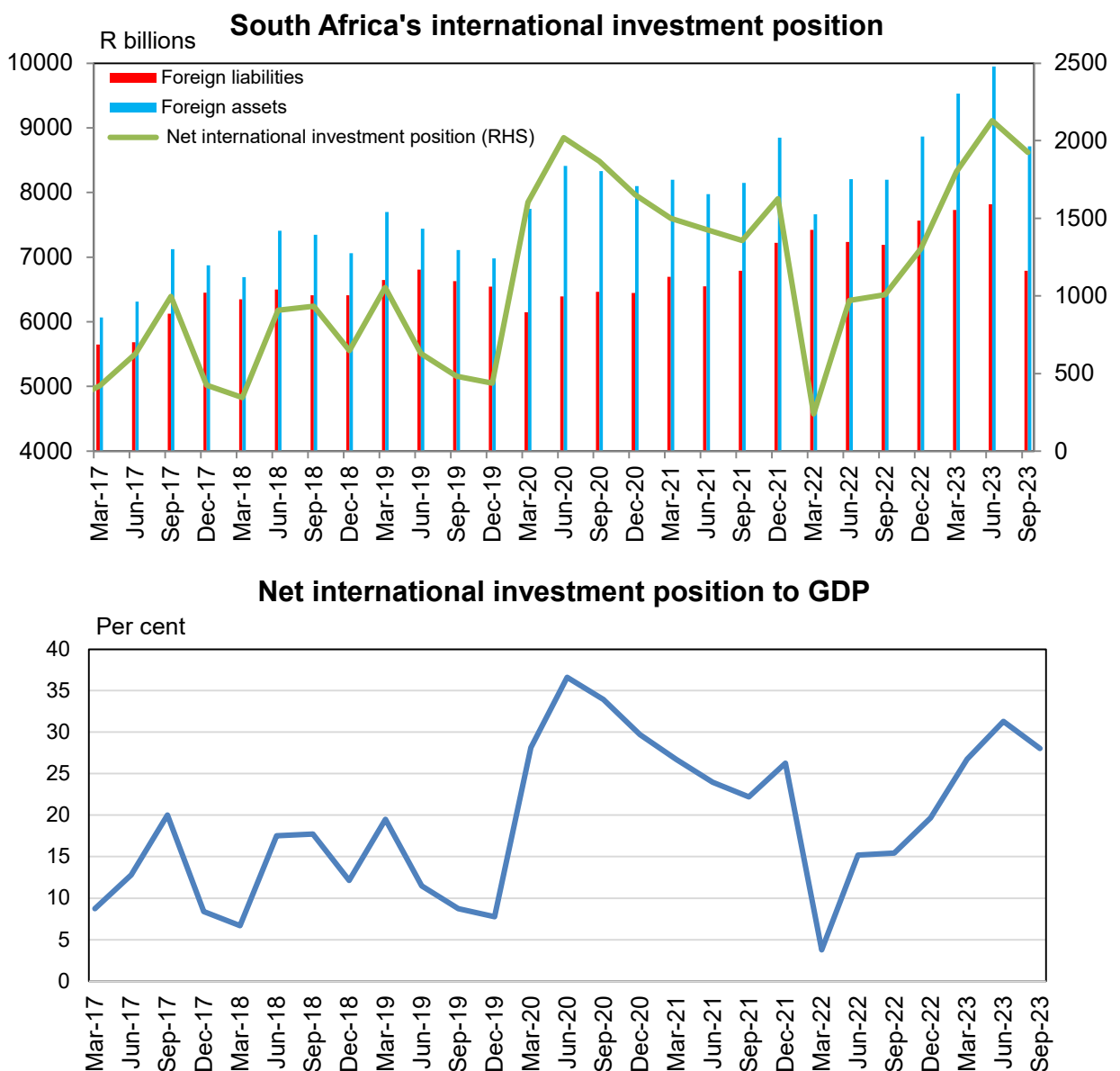


## South Africa's international investment position

### Net<sup>1</sup> international investment position

South Africa's positive net international investment position (IIP) decreased from R2 130 billion at the end of June 2023 to R1 924 billion at the end of September. The decrease in the positive net IIP reflected a larger decrease in foreign assets compared to the decrease in foreign liabilities. The removal of the cross-holding structure between Naspers Ltd and Prosus N.V. in the third quarter of 2023, which was initially implemented in third quarter of 2021, resulted in a significant decline in both foreign assets and foreign liabilities.



Source: SARB

<sup>1</sup> Net calculated as foreign assets minus foreign liabilities.

## Foreign assets

The market value of South Africa's foreign assets (outward investment) decreased notably by 12.4% from R9 947 billion at the end of June 2023 to R8 713 billion at the end of September. Foreign assets in the third quarter of 2023 reflected a decrease in all functional categories, except other investment. Direct investment recorded the largest decline mainly as a result the decline in the Prosus N.V. share price following the removal of the cross-holding structure between Naspers Ltd and Prosus N.V., which resulted in a significant decline in the value of Naspers Ltd's investment in Prosus N.V. Portfolio investment decreased as a result of valuation effects due to the decrease in global share prices as well as the appreciation in the exchange rate of the rand, which was only partially offset by the relocation by AngloGold Ashanti plc of its primary listing to the New York Stock Exchange (NYSE) and its corporate domicile from South Africa to the UK. Other investment assets increased as the domestic banking sector increased its deposits at non-resident banks and the private non-banking sector granted short-term loans and trade finance to non-residents. Reserve assets decreased mainly as a result of the appreciation of the rand.

## Composition of outward investment

R billions

	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Direct investment.....	3 117	3 534	3 885	3 962	2 893
Portfolio investment.....	3 114	3 455	3 684	3 880	3 721
Financial derivatives.....	193	123	121	152	141
Other investment.....	713	724	741	786	806
Reserve assets.....	1 059	1 029	1 099	1 167	1 153
Total.....	8 196	8 865	9 529	9 947	8 713
<i>Memo: US\$/Rand exchange rate</i>	17.8937	16.9831	17.8139	18.9237	18.7840

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 13.2% from a revised R7 817 billion at the end of June 2023 to R6 789 billion at the end of September. The decrease in foreign liabilities reflected a decrease in all functional categories, except other investment. Direct investment recorded the largest decline mainly as a result of the removal of the cross-holding structure between Naspers Ltd and Prosus N.V., which resulted in the removal of Prosus N.V.'s shareholding in Naspers Ltd. Valuation effects as a result of the decrease in the FTSE/JSE All-share Index of 4.8% in the third quarter of 2023 contributed to the decrease in both direct and portfolio investment liabilities. The

relocation by AngloGold Ashanti plc of its primary listing to the New York Stock Exchange (NYSE) and its corporate domicile from South Africa to the UK as well as a US\$1 billion bond redemption by a public corporation exacerbated the decline in portfolio investment. Other investment increased mainly due to foreign loans received by, and an increase in non-resident deposits in, the domestic banking sector.

### Composition of inward investment

R billions

	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Direct investment.....	2 726	2 926	3 016	3 037	2 280
Portfolio investment.....	3 073	3 326	3 354	3 398	3 090
Financial derivatives.....	190	109	112	127	123
Other investment.....	1 199	1 202	1 248	1 255	1 296
Total.....	7 188	7 563	7 729	7 817	6 789
<i>Memo: US\$/Rand exchange rate</i>	17.8937	16.9831	17.8139	18.9237	18.7840

Source: SARB

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

### Concluding comments

South Africa's positive net IIP decreased as the decline in the market value of foreign assets was larger than the decline in foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),<sup>2</sup> foreign assets decreased from 146.3% at the end of June 2023 to 126.9% at the end of September, while foreign liabilities decreased from 115.0% to 98.9% over the same period. This resulted in a decrease of the positive net IIP from 31.3% at the end of June 2023 to 28.0% of GDP at the end of September.

South Africa's IIP as at end December 2023 will be released on the Bank's website at the end of March 2024.

<sup>2</sup> Annual GDP is calculated as the sum of the most recent four quarters' of nominal GDP.