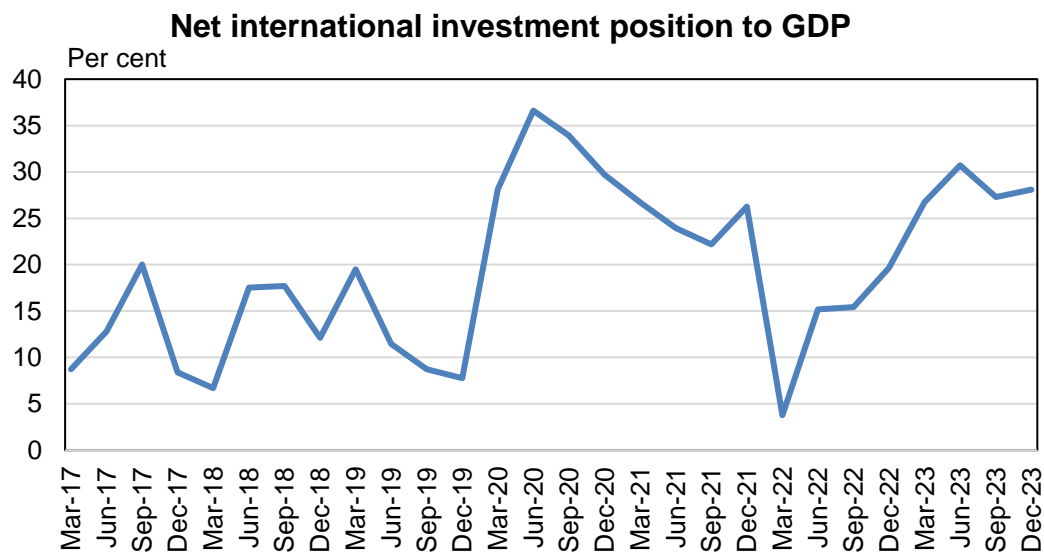
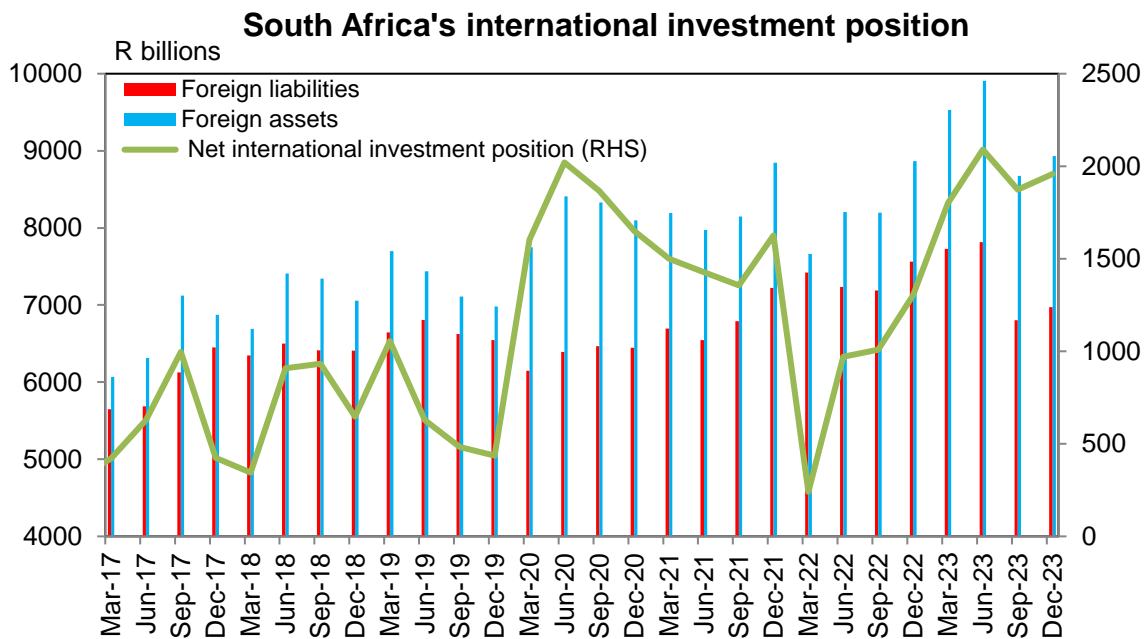


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased from a revised R1 872 billion at the end of September 2023 to R1 957 billion at the end of December as foreign assets increased more than foreign liabilities. The increase in both foreign assets and foreign liabilities was mainly driven by price valuation effects as both domestic and foreign share market indices increased in the fourth quarter of 2023.



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 3.0% from a revised R8 673 billion at the end of September 2023 to R8 930 billion at the end of December. All functional categories of foreign assets increased in the fourth quarter of 2023, except for financial derivatives and other investment assets. Direct and portfolio investment assets increased mainly due to price valuation effects as the US Standard & Poor's (S&P) 500 Index increased by 11.2% in the fourth quarter of 2023. Other investment assets decreased as non-residents repaid loans to the domestic private non-banking sector and the domestic banking sector. The domestic banking sector also reduced its deposits at non-resident banks. Reserve assets increased due to the increase in the gold price.

Composition of outward investment

R billions

	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023
Direct investment.....	3 534	3 885	3 962	2 893	2 922
Portfolio investment.....	3 455	3 684	3 838	3 681	3 980
Financial derivatives.....	123	121	152	141	115
Other investment.....	724	741	786	806	756
Reserve assets.....	1 029	1 099	1 167	1 153	1 158
Total.....	8 865	9 529	9 905	8 673	8 930
<i>Memo: US\$/Rand exchange rate</i>	16.9831	17.8139	18.9237	18.7840	18.5826

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 2.5% from a revised R6 801 billion at the end of September 2023 to R6 973 billion at the end of December, as direct and portfolio investment liabilities increased, while financial derivatives and other investment liabilities declined. While direct investment liabilities increased only marginally, valuation effects due to the increase in the FTSE/JSE All-share Index of 6.2% in the fourth quarter of 2023 contributed to the increase in portfolio investment liabilities. This increase can further be attributed to non-resident net purchases of bonds in the domestic capital market and an increase in market value of these bonds in the fourth quarter of 2023. Other investment liabilities decreased mainly due to the repayment of loans to non-residents and include the first of eight quarterly repayments of XDR381.4 million on an International Monetary Fund (IMF) loan which was only partially countered by the drawdown of US\$300 million from the African Development Bank (AfDB) by the national government.

Composition of inward investment

R billions

	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023
Direct investment.....	2 926	3 016	3 035	2 292	2 297
Portfolio investment.....	3 326	3 354	3 398	3 090	3 314
Financial derivatives.....	109	112	127	123	97
Other investment.....	1 202	1 248	1 255	1 296	1 265
Total.....	7 563	7 729	7 816	6 801	6 973
<i>Memo: US\$/Rand exchange rate</i>	16.9831	17.8139	18.9237	18.7840	18.5826

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 more than foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 126.4% at the end of September 2023 to 128.1% at the end of December, while foreign liabilities increased from 99.1% to 100.0% over the same period. This resulted in an increase in the positive net IIP from 27.3% at the end of September 2023 to 28.1% of GDP at the end of December.

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

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