

## South Africa's international investment position

### Net international investment position (foreign assets minus foreign liabilities)

South Africa's negative net international investment position increased from R309 billion at the end of September 2014 to R438 billion at the end of December. The increase in the country's negative net international investment position over this period occurred as a result of a faster increase in the country's foreign liabilities compared to a more muted increase in foreign assets. The persistent current account deficit resulted in a gradual accumulation of liabilities throughout 2014. At the end of December 2013 the country's negative net international investment position amounted to R154 billion; this net position therefore almost tripled during the course of 2014.

### Foreign liabilities

The value of South Africa's total foreign liabilities (inward investment) surged by 3,4 per cent from R4 762 billion at the end of September 2014 to R4 925 billion at the end of December. The foreign liabilities rose by 2,0 per cent from the end of June 2014 to the end of September. The increase in the country's foreign liabilities in the quarter to the end of December 2014 occurred mainly as a result of increased liabilities in the portfolio and other investment categories, as the stock exchange recovered and the banking sector increased its foreign-currency denominated loans from non-residents over the period.

### Composition of inward investment

R billion

	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014
Direct investment.....	1 596	1 661	1 719	1 715	1 684
Portfolio investment.....	2 089	2 162	2 322	2 347	2 490
Financial derivatives.....	105	108	94	117	115
Other investment.....	501	536	537	583	636
Total.....	4 291	4 467	4 672	4 762	4 925
<i>Memo: US\$/Rand exchange rate</i>	<i>10,4675</i>	<i>10,5953</i>	<i>10,6135</i>	<i>11,2416</i>	<i>11,5719</i>

### Foreign assets

The value of South Africa's total foreign assets (outward investment) amounted to R4 487 billion at the end of December 2014 compared to R4 453 billion at the end of September. The quarterly rate of increase in foreign assets was only 0,8 per cent compared to an increase of 1,4 per cent from the end of June 2014 to the end of September. The country's foreign assets were lifted somewhat by higher foreign-currency deposits of the South African banking sector abroad.

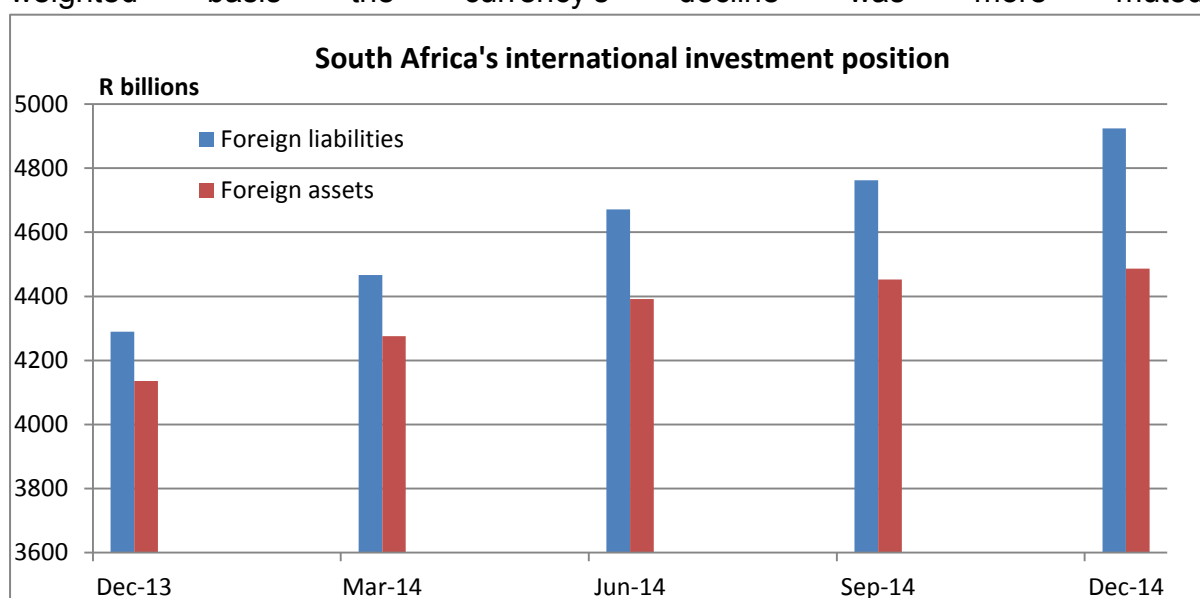
## Composition of outward investment

R billion

	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014
Direct investment.....	1 350	1 400	1 475	1 542	1 551
Portfolio investment.....	1 749	1 803	1 863	1 803	1 794
Financial derivatives.....	118	116	101	120	116
Other investment.....	398	433	436	431	457
Reserve assets.....	520	523	516	557	569
Total.....	4 135	4 275	4 391	4 453	4 487
<i>Memo: US\$/Rand exchange rate</i>	<i>10,4675</i>	<i>10,5953</i>	<i>10,6135</i>	<i>11,2416</i>	<i>11,5719</i>

## Concluding comments

Financial flows required to finance the current account deficit contributed to an increase in the rand value of South Africa's negative net international investment position during the fourth quarter of 2014. While the exchange rate of the rand depreciated significantly against the US dollar during the course of 2014, on a trade-weighted basis the currency's decline was more muted.



As a ratio of annualised gross domestic product, foreign liabilities increased from 127,6 per cent at the end of September 2014 to 129,7 per cent at the end of December, while foreign assets decreased from 119,2 per cent to 118,2 per cent of gross domestic product over the same period.

It is envisaged that the next set of international investment position data – that for the end of March 2015 – will be released on the Bank's website at the end of June 2015.