

## South Africa's international investment position

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

South Africa's negative net international investment position narrowed from R496 billion at the end of December 2014 to R458 billion at the end of March 2015 due to a faster pace of increase in the value of the country's foreign assets compared to the increase in its foreign liabilities.

### Foreign liabilities

The overall value of South Africa's foreign liabilities (inward investment) increased by 4,6 per cent from R5 010 billion at the end of December 2014 to R5 241 billion at the end of March 2015; previously it rose, on balance, by 4,0 per cent in the fourth quarter of 2014. The increase in the country's foreign liabilities in the quarter to the end of March 2015 mainly reflected an increase in portfolio and other investment liabilities, as the JSE all-share index rose by 4,8 per cent along with an increase in the foreign liabilities of the bank and private non-banking sectors over the period.

### Composition of inward investment

R billions

	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014	31 Mar 2015
Direct investment.....	1 661	1 719	1 715	1 684	1 695
Portfolio investment.....	2 176	2 324	2 403	2 575	2 748
Financial derivatives.....	108	94	117	115	127
Other investment.....	536	537	583	636	671
Total.....	4 481	4 674	4 818	5 010	5 241
<i>Memo: US\$/Rand exchange rate</i>	<i>10,5953</i>	<i>10,6135</i>	<i>11,2416</i>	<i>11,5719</i>	<i>12,2020</i>

### Foreign assets

The overall value of South Africa's foreign assets (outward investment) amounted to R4 783 billion at the end of March 2015 compared to R4 514 billion at the end of December 2014. The quarterly rate of increase in the value of foreign assets accelerated to 6,0 per cent in the first quarter of 2015 compared with a more muted increase of 1,4 per cent in the preceding quarter. The value of the country's foreign assets was lifted mainly by higher valuations of direct investment equity assets as well as an increase in foreign-currency deposits of the South African banking sector abroad.

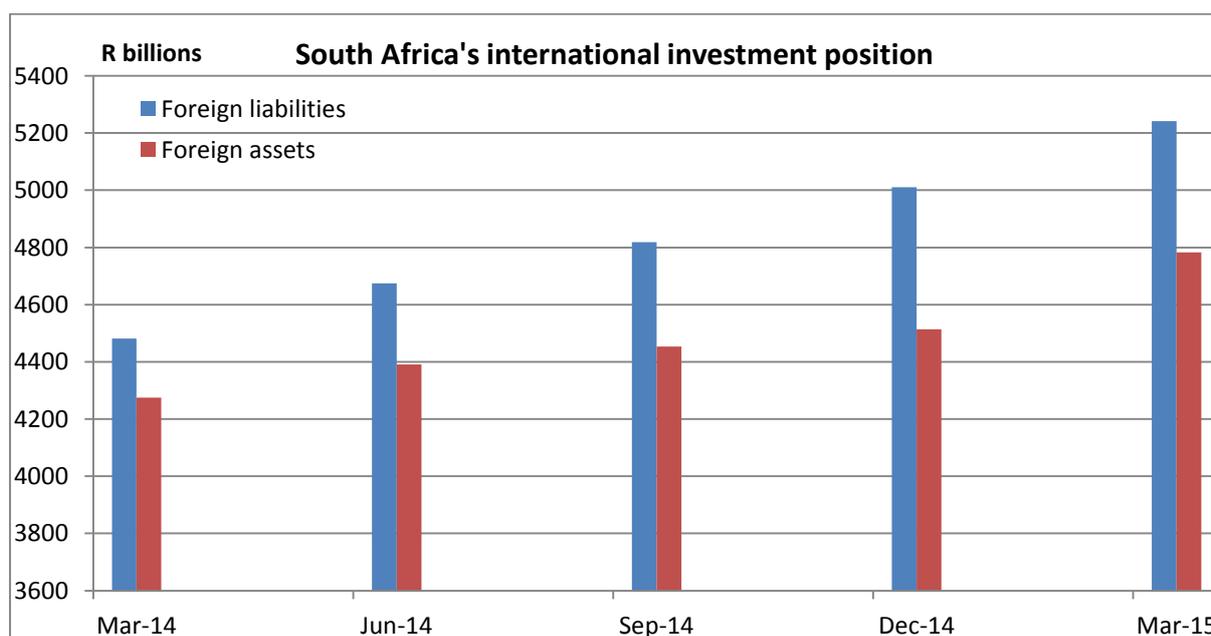
## Composition of outward investment

R billions

	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014	31 Mar 2015
Direct investment.....	1 400	1 475	1 542	1 551	1 762
Portfolio investment.....	1 803	1 863	1 803	1 821	1 827
Financial derivatives.....	116	101	120	116	133
Other investment.....	433	436	431	457	496
Reserve assets.....	523	516	557	569	565
Total.....	4 275	4 391	4 453	4 514	4 783
<i>Memo: US\$/Rand exchange rate</i>	<i>10,5953</i>	<i>10,6135</i>	<i>11,2416</i>	<i>11,5719</i>	<i>12,2020</i>

## Concluding comments

The higher valuation of South Africa's foreign direct investment (equity holdings in particular) contributed meaningfully to the country's smaller negative net international investment position at the end of the first quarter of 2015. On balance, the exchange rate of the rand depreciated by 5,2 per cent against the US dollar in the first quarter of 2015; on a trade-weighted basis the currency declined by only 0,2 per cent over the period.



As a ratio of South Africa's gross domestic product, the country's foreign liabilities increased from 132,0 per cent at the end of December 2014 to 136,4 per cent at the end of March 2015; the country's foreign assets rose from 118,9 per cent to 124,4 per cent of gross domestic product over the same period. This therefore brings the country's net international investment position to a negative 11,9 per cent of gross domestic product at the end of March 2015.

South Africa's international investment position valued as at the end of June 2015 will be released on the Bank's website at the end of September 2015.