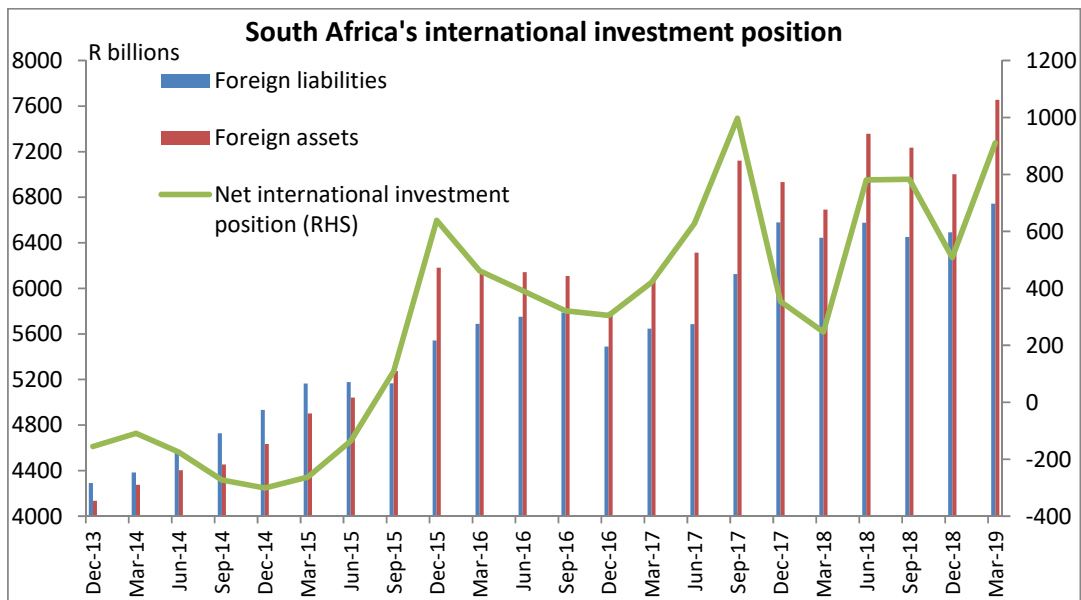


## South Africa's international investment position

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

South Africa's positive net international investment position (IIP) increased from a revised R508 billion at the end of December 2018 to R912 billion at the end of March 2019. The increase in the positive net IIP in the first quarter of 2019 reflected a larger increase in foreign assets than in foreign liabilities, as global equity markets rebounded after a sharp decline in the fourth quarter of 2018.



Source: SARB

### Foreign assets

The market value of South Africa's foreign assets (outward investment) increased from a revised R7 001 billion at the end of December 2018 to R7 655 billion at the end of March 2019, an increase of 9.3% in the first quarter of 2019 compared to a 3.2% decrease in the fourth quarter of 2018. The value of almost all functional categories increased in the first quarter of 2019, except reserve assets. Direct investment increased mainly as a result of the higher valuation of a large foreign investment of a South African company. Foreign portfolio assets increased as the US Standard & Poor's (S&P) 500 Index, on balance, increased by 13% in the first quarter of 2019. Other investment assets increased as the domestic banking sectors' short-term loans to non-residents under repurchase agreements increased and the private non-banking sector extended short-term loans to non-residents. The depreciation in the exchange rate of the rand also contributed to the increase in the value of South Africa's foreign assets.

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

## Composition of outward investment

R billions

	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019
Direct investment.....	3 326	3 693	3 415	3 425	3 728
Portfolio investment.....	2 139	2 299	2 430	2 168	2 490
Financial derivatives.....	105	116	112	90	91
Other investment.....	528	553	563	576	626
Reserve assets.....	593	696	715	742	720
Total.....	6 691	7 357	7 235	7 001	7 655
<i>Memo: US\$/Rand exchange rate</i>	11.8128	13.7432	14.1581	14.4509	14.5968

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 from a revised R6 493 billion at the end of December 2018 to R6 743 billion at the end of March 2019, an increase of 3.9% in the first quarter of 2019 following a marginal increase of 0.6% in the fourth quarter of 2018. The increase in foreign liabilities in the first quarter of 2019 reflected increases in almost all functional categories, except financial derivatives. The increase in the FTSE/JSE All-share Index of 7.1% in the first quarter of 2019 contributed to higher values of both direct and portfolio investment liabilities. The increase in other investment liabilities resulted mainly from short-term loans extended to the domestic private non-banking sector.

## Composition of inward investment

R billions

	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019
Direct investment.....	1 952	1 863	1 889	1 888	1 954
Portfolio investment.....	3 611	3 717	3 587	3 542	3 711
Financial derivatives.....	112	119	105	91	88
Other investment.....	769	877	871	972	991
Total.....	6 444	6 576	6 452	6 493	6 743
<i>Memo: US\$/Rand exchange rate</i>	11.8128	13.7432	14.1581	14.4509	14.5938

Source: SARB

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

## Concluding comments

South Africa's positive net IIP increased as foreign assets increased by more than foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP), foreign assets increased from 143.6% at the end of December 2018 to 155.5% in March 2019, while foreign liabilities increased from 133.2% to 137%

over the same period. This resulted in the net IIP increasing to 18.5% of GDP at the end of March 2019.

South Africa's IIP as at end June 2019 will be released on the Bank's website at the end of September 2019.