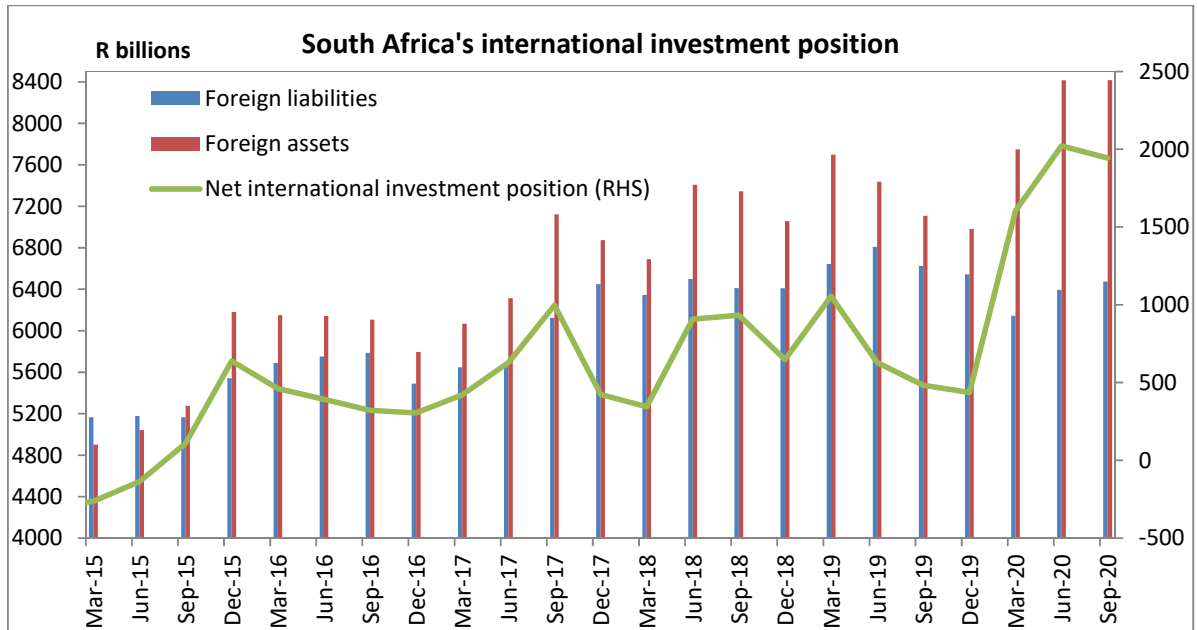


## South Africa's international investment position

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

South Africa's positive net international investment position (IIP) decreased marginally from R2 022 billion in June 2020 to R1 947 at the end of September. The decrease in the positive net IIP reflected a subdued increase in foreign liabilities, while foreign assets remained broadly unchanged.



Source: SARB

### Foreign assets

The market value of South Africa's foreign assets (outward investment) remained almost unchanged at R8 418 billion at the end of September 2020 compared to R8 415 billion at the end of June, following an increase of 8.6% in the second quarter. Foreign assets in the third quarter of 2020 reflected a decrease in all functional categories, except for the portfolio investment and reserve assets. Direct investment decreased mainly as a result of the valuation effects of a decrease in the share price of a large dual-listed company with a primary listing abroad while foreign portfolio investment assets increased as a result of an increase of 8.5% in the US Standard & Poor's (S&P) 500 Index. Other investment assets decreased mainly as the result of the domestic banking sector repatriating deposits from non-resident banks, while the increase in reserve assets reflected the proceeds from foreign borrowings received on behalf of government.

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

## Composition of outward investment

R billions

	30 Sep 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Direct investment.....	3 063	3 015	3 519	3 894	3 837
Portfolio investment.....	2 487	2 529	2 241	2 595	2 711
Financial derivatives.....	127	121	270	226	198
Other investment.....	598	544	781	793	755
Reserve assets.....	834	772	938	907	916
Total.....	7 109	6 982	7 748	8 415	8 417
<i>Memo: US\$/Rand exchange rate</i>	15.1971	14.0418	17.9822	17.3312	16.9231

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 1.2% from R6 393 billion at the end of June 2020 to R6 471 billion at the end of September, following an increase of 4.1% in the second quarter. The increase in foreign liabilities reflected an increase in all functional categories except financial derivatives. The value of direct investment liabilities increased significantly, as the net asset values of non-listed companies were buoyed in the third quarter after the devastating effect of the COVID-19 lockdown in the second quarter. Portfolio investment liabilities increased slightly even though the FTSE/JSE All-share index reflected a marginal decline. The increase in other investment liabilities was mainly due to non-residents extending long-term loans to the general government. The financial assistance acquired by government to combat the effects of COVID-19 was in the form of a US\$4.3 billion loan from the IMF and a US\$1 billion loan from the New Development Bank.

## Composition of inward investment

R billions

	30 Sep 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Direct investment.....	2 151	2 037	1 873	1 863	1 936
Portfolio investment.....	3 373	3 488	2 895	3 265	3 269
Financial derivatives.....	118	109	272	226	200
Other investment.....	983	911	1 104	1 039	1 066
Total.....	6 625	6 545	6 144	6 393	6 471
<i>Memo: US\$/Rand exchange rate</i>	15.1971	14.0418	17.9822	17.3312	16.9231

Source: SARB

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

## **Concluding comments**

South Africa's positive net IIP decreased as the market value of foreign liabilities increased and that of foreign assets remained almost unchanged. As a ratio of South Africa's annual gross domestic product (GDP), foreign assets increased from 169.6% at the end of June 2020 to 170.4% at the end of September, while foreign liabilities increased from 128.9% to 131.1% over the same period. This resulted in the decline of the positive net IIP to 39.4% of GDP at the end of September 2020.

South Africa's IIP as at end December 2020 will be released on the Bank's website at the end of March 2021.