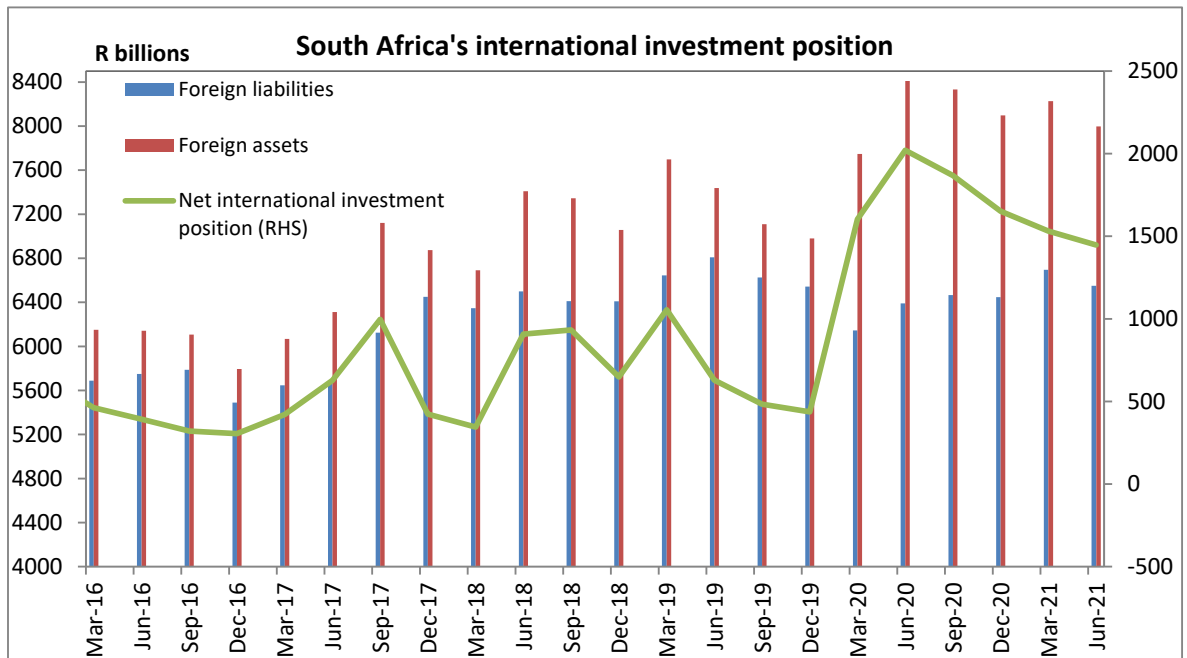


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) decreased from a revised R1 530 billion at the end of March 2021 to R1 459 billion at the end of June as foreign assets decreased more than foreign liabilities.



Source: SARB

Foreign assets

The market value of South Africa's foreign assets (outward investment) decreased by 2.7% from a revised R8 226 billion at the end of March 2021 to R8 001 billion at the end of June. Foreign assets in the second quarter of 2021 reflected a decrease in all functional categories, except portfolio investment. The decrease in direct investment mainly resulted from the valuation effects of a decrease in the share price of a large dual-listed company with a primary listing abroad. Portfolio investment assets increased as the US Standard & Poor's (S&P) 500 Index increased by 8.2 per cent along with most major world stock market indices. Other investment assets decreased marginally mainly due to the decline in the rand value of loans by the domestic banking sector to non-residents, together with the decrease of foreign deposits of the domestic banking sector. Reserve assets decreased as a result of exchange rate valuations.

¹ Net calculated as foreign assets minus foreign liabilities

Composition of outward investment

R billions

	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021
Direct investment.....	3 894	3 839	3 686	3 709	3 406
Portfolio investment.....	2 591	2 623	2 695	2 868	2 978
Financial derivatives.....	225	198	213	152	135
Other investment.....	793	756	696	713	704
Reserve assets.....	907	916	808	784	778
Total.....	8 410	8 333	8 097	8 226	8 001
<i>Memo: US\$/Rand exchange rate</i>	17.3312	16.9231	14.6246	14.8369	14.3073

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) decreased by 2.3% from a revised R6 696 billion at the end of March 2021 to R6 541 billion at the end of June. The decrease in foreign liabilities reflected a decrease in all functional categories, except direct investment. Direct investment liabilities increased as the net asset value of companies improved in the second quarter. The value of portfolio investment liabilities declined mainly as a result of a decrease in the value of a large listed South African multinational company, while the FTSE/JSE All share index also reflected a marginal decline in the second quarter. The decrease in other investment liabilities was mainly due to the withdrawal of non-resident deposits from the domestic banking sector. This decrease was partly countered by a US\$1 billion loan by the national government from the New Development Bank.

Composition of inward investment

R billions

	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021
Direct investment.....	1 860	1 930	1 955	2 034	2 085
Portfolio investment.....	3 265	3 269	3 332	3 584	3 437
Financial derivatives.....	226	200	217	150	142
Other investment.....	1 039	1 066	944	927	879
Total.....	6 390	6 465	6 447	6 696	6 541
<i>Memo: US\$/Rand exchange rate</i>	17.3312	16.9231	14.6246	14.8369	14.3073

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 assets decreased more than that of foreign liabilities. As a ratio of South Africa's annual

gross domestic product (GDP), foreign assets decreased from 147.8% at the end of March 2021 to 135.9% at the end of June, while foreign liabilities decreased from 120.3% to 111.1% over the same period. This resulted in a decrease in the positive net IIP to 24.8% of GDP at the end of June 2021.

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