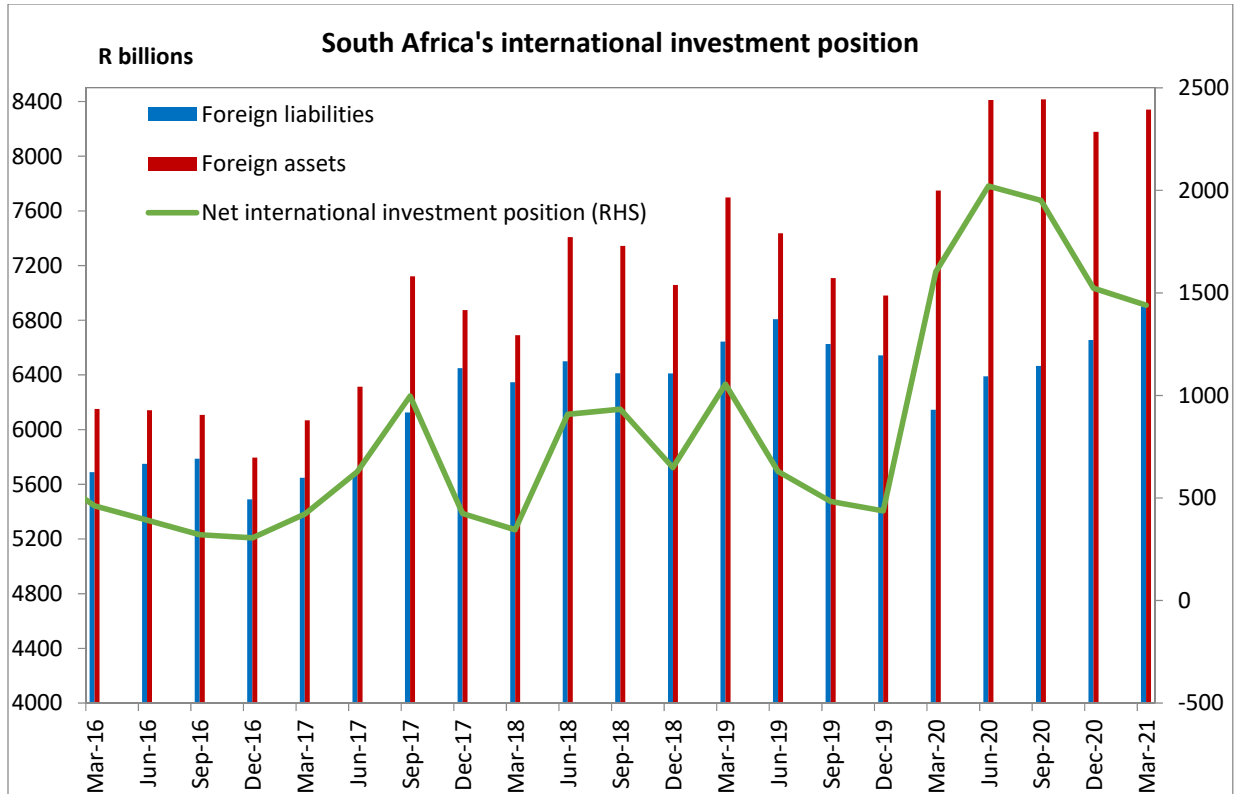


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) decreased from a revised R1 523 billion at the end of December 2020 to R1 441 billion at the end of March 2021. The positive net IIP decreased as the increase in foreign liabilities exceeded that in foreign assets.



Source: SARB

Foreign assets

The market value of South Africa's foreign assets (outward investment) increased by 2.0% from a revised R8 179 billion at the end of December 2020 to R8 342 billion at the end of March 2021. Foreign assets in the first quarter reflected an increase in all functional categories, except financial derivatives and reserve assets. The increase in foreign assets was mainly driven by an increase in portfolio assets as a result of an increase of 5.8% in the US Standard & Poor's (S&P) 500 Index as well as an increase in the value of resident ownership of dual-listed companies domiciled abroad. These increases were augmented by the

¹ Net calculated as foreign assets minus foreign liabilities

domestic private banking and non-banking sectors' purchases of foreign debt securities. Direct investment assets increased mainly as a result of valuation effects due to the increase in the share prices of dual-listed companies with a primary listing abroad, while other investment assets increased as the domestic private banking and non-banking sectors extended short-term loans to non-residents.

Composition of outward investment

R billions

	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021
Direct investment.....	3 518	3 894	3 839	3 669	3 692
Portfolio investment.....	2 241	2 591	2 707	2 794	2 993
Financial derivatives.....	270	226	198	213	152
Other investment.....	781	793	756	695	721
Reserve assets.....	938	907	916	808	784
Total.....	7 748	8 411	8 416	8 179	8 342
<i>Memo: US\$/Rand exchange rate</i>	17.9822	17.3312	16.9231	14.6246	14.8369

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 3.7% from a revised R6 656 billion at the end of December 2020 to R6 901 billion at the end of March 2021. The increase in foreign liabilities reflected an increase in direct and portfolio investment while financial derivatives and other investment declined. The increase in the FTSE/JSE All-share Index by 11.9% in the first quarter of 2021 contributed to the higher values of both direct and portfolio investment liabilities. Other investment declined mainly as a result of the repayment of long-term loans by the domestic private non-banking sector.

Composition of inward investment

R billions

	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021
Direct investment.....	1 873	1 860	1 930	2 099	2 155
Portfolio investment.....	2 895	3 265	3 269	3 397	3 669
Financial derivatives.....	272	226	200	217	150
Other investment.....	1 104	1 039	1 066	943	927
Total.....	6 145	6 390	6 465	6 656	6 901
<i>Memo: US\$/Rand exchange rate</i>	17.9822	17.3312	16.9231	14.6246	14.8369

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 more than that of foreign assets. As a ratio of South Africa's annual gross domestic product (GDP), foreign assets increased from 164.5% at the end of December 2020 to 167.0% at the end of March 2021, while foreign liabilities increased from 133.8% to 138.1% over the same period. This resulted in the decline of the positive net IIP to 28.8% of GDP at the end of March 2021.

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