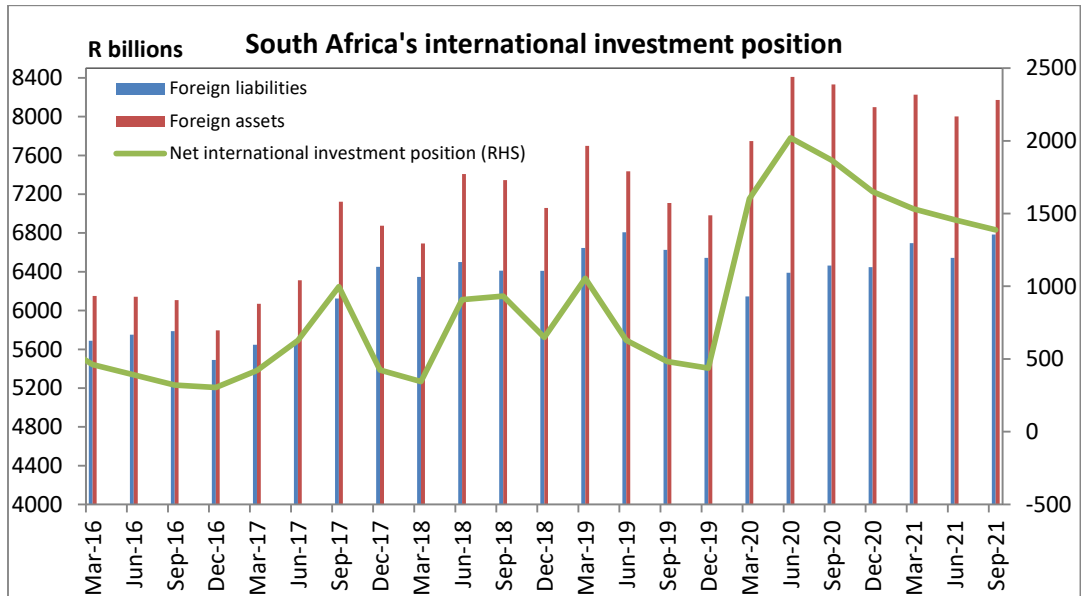


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) decreased from R1 459 billion at the end of June 2021 to R1 387 billion at the end of September. The decrease in the positive net IIP reflected a larger increase in foreign liabilities than the increase in foreign assets.



Source: SARB

Foreign assets

The market value of South Africa's foreign assets (outward investment) increased by 2.1% from R8 001 billion at the end of June 2021 to R8 172 billion at the end of September. Foreign assets in the third quarter of 2021 reflected an increase in all functional categories, except for direct investment and financial derivatives. 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. Portfolio investment assets increased as resident investors exchanged Naspers Ltd N ordinary shares for Prosus N.V. ordinary shares N, that is, the exchange of resident holdings in a resident entity for holdings in a non-resident entity. Other investment assets increased mainly as a result of the domestic banking sector increased deposits at non-resident banks, while the increase in reserve assets reflected the International Monetary Fund (IMF) Special Drawing

¹ Net calculated as foreign assets minus foreign liabilities

Rights (SDR) allocation of XDR2.9 billion (USD\$4.2 billion) to South Africa in the third quarter of 2021.

Composition of outward investment

R billions

	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021
Direct investment.....	3 839	3 686	3 709	3 406	3 241
Portfolio investment.....	2 623	2 695	2 868	2 978	3 211
Financial derivatives.....	198	213	152	135	126
Other investment.....	756	696	713	704	730
Reserve assets.....	916	808	784	778	865
Total.....	8 333	8 097	8 226	8 001	8 172
<i>Memo: US\$/Rand exchange rate</i>	16.9231	14.6246	14.8369	14.3073	15.1360

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 R6 541 billion at the end of June 2021 to R6 785 billion at the end of September. The increase in foreign liabilities reflected an increase in the direct and other investment functional categories while financial derivatives and portfolio investment categories decreased. The value of direct investment liabilities increased significantly, mainly due to Prosus N.V. acquiring about 45% of Naspers Ltd N ordinary shares from existing Naspers Ltd shareholders. With the shareholding of Prosus N.V. in Naspers Ltd exceeding 10%, the acquisition is classified as a direct investment transaction. Portfolio investment liabilities decreased significantly as non-resident investors exchanged Naspers Ltd N ordinary shares for Prosus N.V. ordinary shares N, that is, the exchange of non-resident holdings in a resident entity for holdings in a non-resident entity. This decrease was augmented by the decrease in the FTSE/JSE All-share index in the third quarter of 2021. The increase in other investment liabilities was mainly due to the SDR allocation from the IMF to the value of XDR2.9 billion (USD\$4.2 billion) to South Africa in the third quarter of 2021.

Composition of inward investment

R billions

	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021
Direct investment.....	1 930	1 955	2 034	2 085	2 609
Portfolio investment.....	3 269	3 332	3 584	3 437	3 054
Financial derivatives.....	200	217	150	142	132
Other investment.....	1 066	944	927	879	990
Total.....	6 465	6 447	6 696	6 541	6 785
<i>Memo: US\$/Rand exchange rate</i>	16.9231	14.6246	14.8369	14.3073	15.1360

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 the increase of foreign assets. As a ratio of South Africa's annual gross domestic product (GDP), foreign assets decreased from 135.6% at the end of June 2021 to 134.8% at the end of September, while foreign liabilities increased from 110.9% to 111.9% over the same period. This resulted in the decline of the positive net IIP to 22.9% of GDP at the end of September 2021.

South Africa's IIP as at end December 2021 will be released on the Bank's website at the end of March 2022.