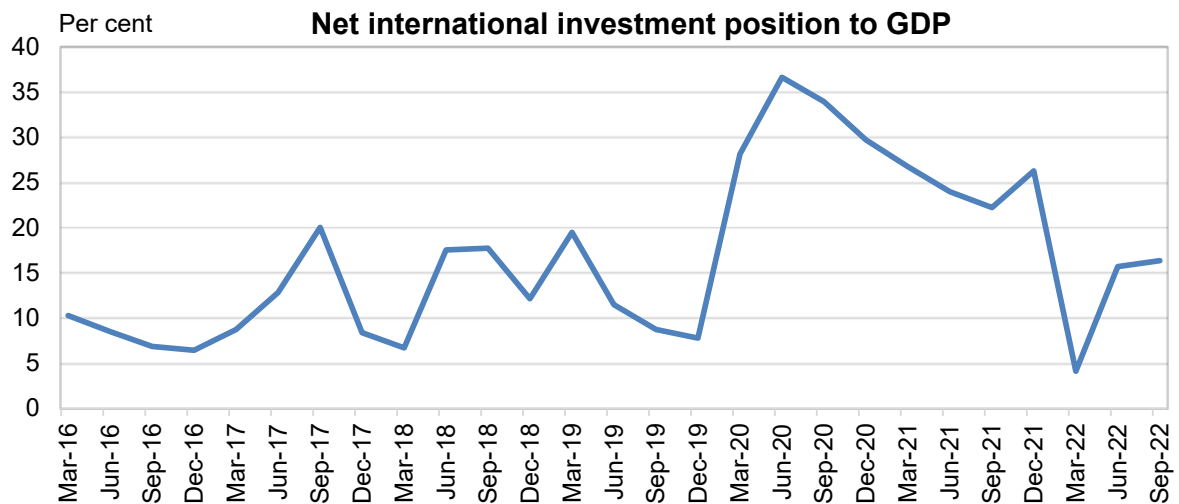
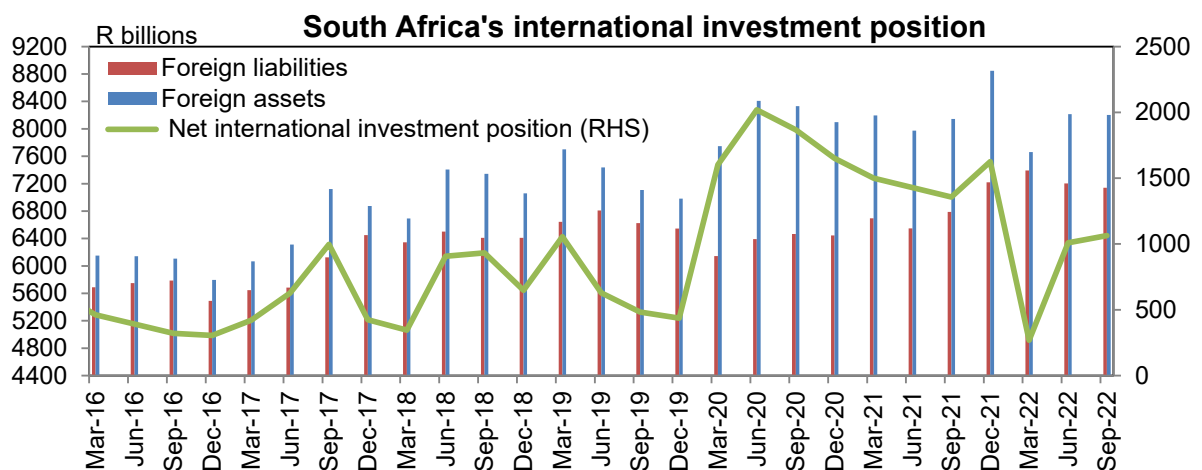


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased marginally from a revised R1 008 billion at the end of June 2022 to R1 065 billion at the end of September. The increase in the positive net IIP reflected a smaller decrease in foreign assets compared to the decrease in foreign liabilities. The exchange value of the rand affected foreign assets and, to a lesser extent, foreign liabilities as the nominal effective exchange rate (NEER) of the rand decreased, on balance, by 4.6% in the third quarter of 2022.



Source: SARB

¹ Net calculated as foreign assets minus foreign liabilities

Foreign assets

The market value of South Africa's foreign assets (outward investment) decreased by 0.1% from a revised R8 213 billion at the end of June 2022 to R8 203 billion at the end of September. Foreign assets in the third quarter of 2022 reflected a decrease in all functional categories except financial derivatives and reserve assets. Direct investment decreased mainly as a result of valuation effects of a decrease in the share price of a large dual-listed company with a primary listing abroad. Portfolio investment decreased mainly as a result of valuation effects due to the decrease in global share prices, which was only partially countered by the depreciation in the exchange rate of the rand. Other investment assets decreased as non-residents repaid short-term loans to the domestic banking sector while reserve assets increased as a result of the valuation effects resulting from the depreciation of the rand.

Composition of outward investment

R billions

	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022
Direct investment.....	3 241	3 560	2 757	3 158	3 117
Portfolio investment.....	3 184	3 561	3 251	3 190	3 121
Financial derivatives.....	126	127	126	153	193
Other investment.....	730	683	678	748	713
Reserve assets.....	865	915	848	964	1 059
Total.....	8 145	8 846	7 659	8 213	8 203
<i>Memo: US\$/Rand exchange rate</i>	15.1360	15.8899	14.4705	16.2511	17.8937

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 0.9% from a revised R7 204 billion at the end of June 2022 to R7 139 billion at the end of September. The decrease in foreign liabilities reflected a decrease in direct and portfolio investment categories, while financial derivatives and other investment increased. Valuation effects as a result of the decrease in the FTSE/JSE All-share Index of 3.8% in the third quarter of 2022 contributed to the decrease in both direct and portfolio investment liabilities. The decline in portfolio investment in the third quarter was augmented by the redemption of an international bond to the value of US\$1 billion by a public corporation as well as the net sale of shares by non-residents. Other investment increased as non-residents increased deposits with the domestic private banking sector and the national government received a loan from the World Bank.

Composition of inward investment

R billions

	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022
Direct investment.....	2 612	2 780	2 712	2 700	2 679
Portfolio investment.....	3 054	3 314	3 512	3 218	3 073
Financial derivatives.....	134	129	133	160	188
Other investment.....	990	997	1 035	1 126	1 199
Total.....	6 790	7 219	7 393	7 204	7 139
<i>Memo: US\$/Rand exchange rate</i>	15.1360	15.8899	14.4705	16.2511	17.8937

Source: SARB

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

Concluding comments

South Africa's positive net IIP increased as the decline in the market value of foreign assets was less than the decrease in foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets decreased from 128.8% at the end of June 2022 to 125.9% at the end of September, while foreign liabilities decreased from 113.0% to 109.5% over the same period. This resulted in an increase of the positive net IIP from 15.8% at the end of June 2022 to 16.3% of GDP at the end of September.

South Africa's IIP as at end December 2022 will be released on the Bank's website at the end of March 2023.

² Annual GDP is calculated as the sum of the most recent four quarters of nominal GDP.