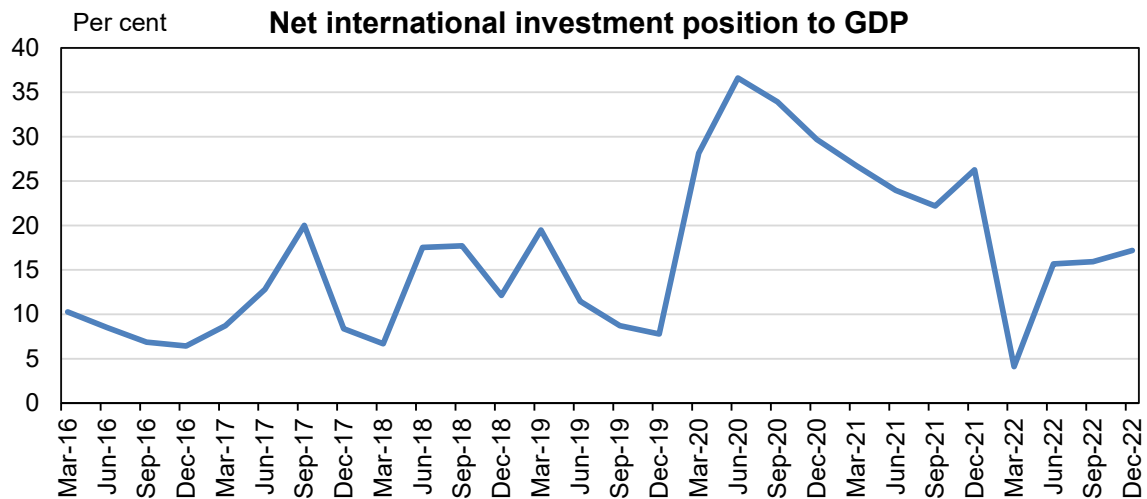
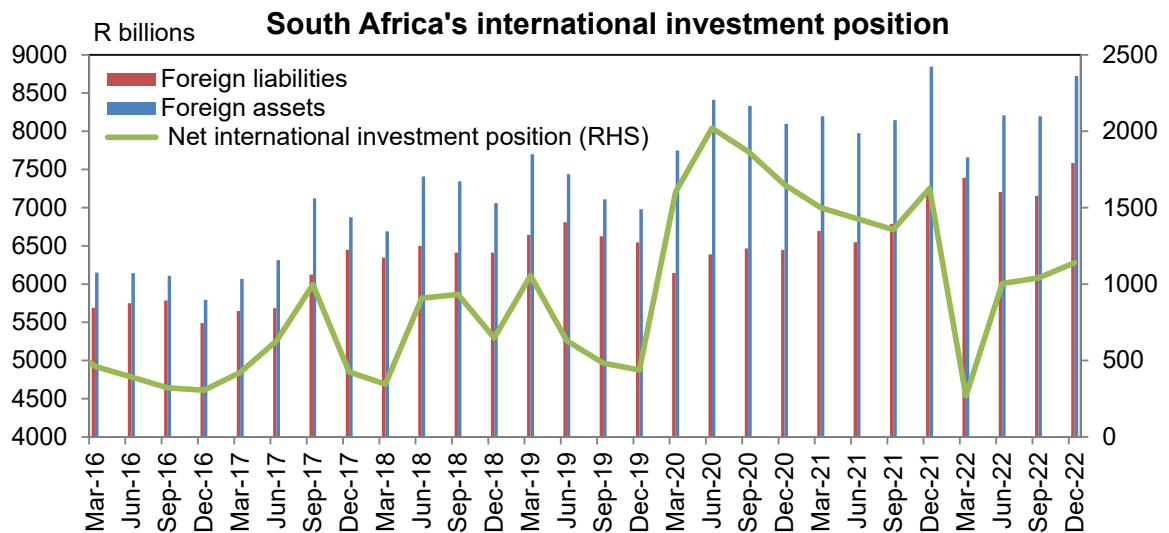


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased from a revised R1 040 billion at the end of September 2022 to R1 141 billion at the end of December. The increase in the positive net IIP reflected a larger increase in foreign assets than the increase in foreign liabilities. The increase in both foreign assets and foreign liabilities was mainly driven by valuation effects as domestic and foreign share market indices increased in the fourth 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) increased by 6.4% from a revised R8 196 billion at the end of September 2022 to R8 724 billion at the end of December. Foreign assets in the fourth quarter of 2022 reflected an increase in all functional categories, except for financial derivatives and reserve assets. Direct and portfolio investment assets increased mainly due to the valuation effects due to the increase in share prices of foreign listed companies as the US Standard & Poor's (S&P) 500 Index increased by 7.1% in the fourth quarter of 2022. Other investment assets increased slightly as non-residents increased their short-term loans from domestic banks.

Composition of outward investment

R billions

	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
Direct investment.....	3 560	2 757	3 158	3 117	3 398
Portfolio investment.....	3 561	3 251	3 184	3 114	3 443
Financial derivatives.....	127	126	153	193	128
Other investment.....	683	678	748	713	726
Reserve assets.....	915	848	964	1 059	1 029
Total.....	8 846	7 659	8 207	8 196	8 724
<i>Memo: US\$/Rand exchange rate</i>	15.8899	14.4705	16.2511	17.8937	16.9831

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 6% from a revised R7 156 billion at the end of September 2022 to R7 583 billion at the end of December. The increase in foreign liabilities reflected an increase in all functional categories, except for financial derivatives. Valuation effects due to the increase in the FTSE/JSE All-share Index of 12.8% in the fourth quarter of 2022 contributed to the increase in both direct and portfolio investment liabilities. The increase in portfolio investment was partially countered by an international bond redemption to the value of US\$1 billion by the private non-banking sector. Other investment increased as non-residents granted short-term loans to the domestic banking sector and national government received a €300 million climate change loan.

Composition of inward investment

R billions

	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
Direct investment.....	2 780	2 712	2 700	2 694	2 950
Portfolio investment.....	3 314	3 512	3 218	3 073	3 307
Financial derivatives.....	129	133	160	190	114
Other investment.....	997	1 035	1 126	1 199	1 213
Total.....	7 219	7 393	7 204	7 156	7 583
<i>Memo: US\$/Rand exchange rate</i>	15.8899	14.4705	16.2511	17.8937	16.9831

Source: SARB

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

Concluding comments

South Africa's positive net IIP increased as the market value of foreign assets increased more than the increase in foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 125.5% at the end of September 2022 to 131.4% at the end of December, while foreign liabilities increased from 109.5% to 114.2% over the same period. This resulted in an increase in the positive net IIP from 15.9% at the end of September 2022 to 17.2% of GDP at the end of December.

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

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