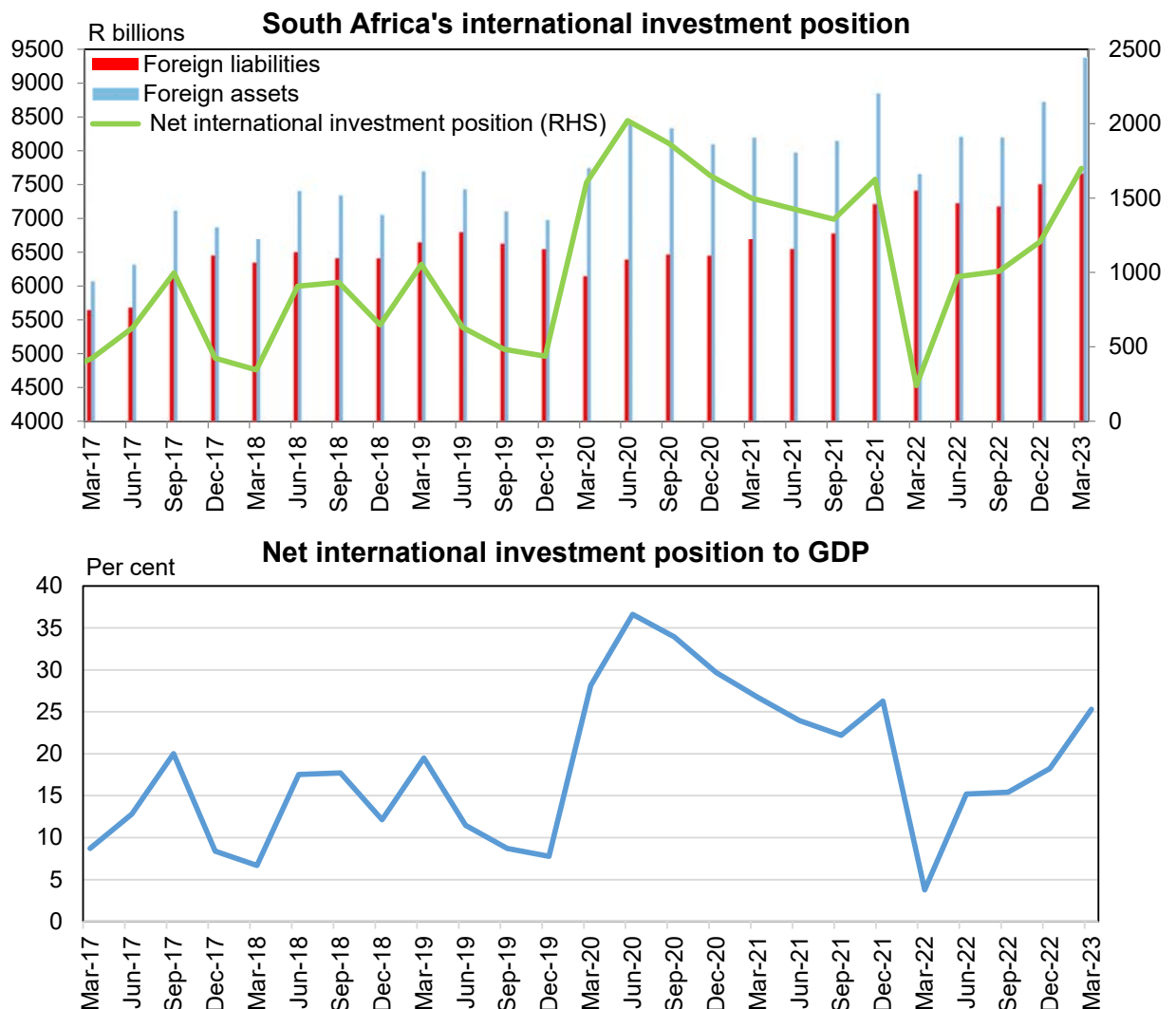


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased from a revised R1 209 billion at the end of December 2022 to R1 699 billion at the end of March 2023. The increase in the positive net IIP reflected a larger increase in foreign assets than the increase in foreign liabilities. In addition to the increase in both domestic and foreign share market indices in the first quarter of 2022, the exchange value of the rand had an impact on both foreign assets and, to a lesser extent, foreign liabilities as the nominal effective exchange rate (NEER) of the rand decreased, on balance, by 5.3%.



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 7.4% from a revised R8 721 billion at the end of December 2022 to R9 370 billion at the end of March 2023. Foreign assets in the first quarter reflected an increase in all functional categories, except financial derivatives. The increase in foreign assets was partly driven by an increase in direct investment assets, which increased because of valuation effects of an increase in the share price of a large dual-listed company with a primary listing abroad. In addition, portfolio investment assets increased because of an increase of 7.0% in the US Standard & increased due to the valuation effects resulting from the Poor's (S&P) 500 Index as well other foreign share market indices, while reserve assets depreciation of the rand.

Composition of outward investment

R billions

	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023
Direct investment.....	2 757	3 158	3 117	3 397	3 740
Portfolio investment.....	3 251	3 184	3 114	3 446	3 673
Financial derivatives.....	126	153	193	123	115
Other investment.....	678	748	713	726	743
Reserve assets.....	848	964	1 059	1 029	1 099
Total.....	7 659	8 207	8 196	8 721	9 370
<i>Memo: US\$/Rand exchange rate</i>	14.4705	16.2511	17.8937	16.9831	17.8139

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 2.1% from a revised R7 512 billion at the end of December 2022 to R7 671 billion at the end of March 2023. The increase in foreign liabilities reflected an increase in all functional categories, except financial derivatives. Valuation effects as a result of the increase in the FTSE/JSE All-share Index of 4.2% in the first quarter of 2023 contributed to the increase in both direct and portfolio investment liabilities. The issuance of an international bond to the value of US\$1 billion by a public corporation boosted the increase in portfolio investment liabilities in the first quarter. Other investment liabilities increased due to drawings on long-term loans by public corporations and short-term loans by the private non-banking sector as well as the national government receiving a €300 million loan in support of funding for climate change activities.

Composition of inward investment

R billions

	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023
Direct investment.....	2 740	2 732	2 726	2 904	2 997
Portfolio investment.....	3 512	3 218	3 073	3 284	3 308
Financial derivatives.....	133	160	190	109	107
Other investment.....	1 035	1 126	1 199	1 216	1 260
Total.....	7 421	7 236	7 188	7 512	7 671
<i>Memo: US\$/Rand exchange rate</i>	14.4705	16.2511	17.8937	16.9831	17.8139

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 that of foreign liabilities. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 131.6% at the end of December 2022 to 139.5% at the end of March 2023, while foreign liabilities increased from 113.3% to 114.2% over the same period. This resulted in an increase in the positive net IIP from 18.2% at the end of December 2022 to 25.3% of GDP at the end of March 2023.

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

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