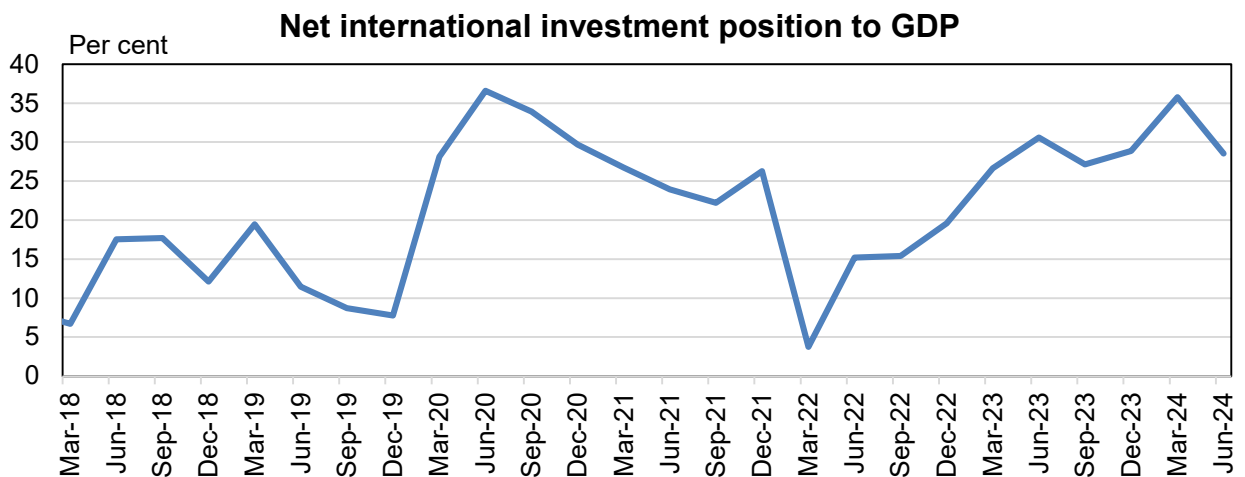
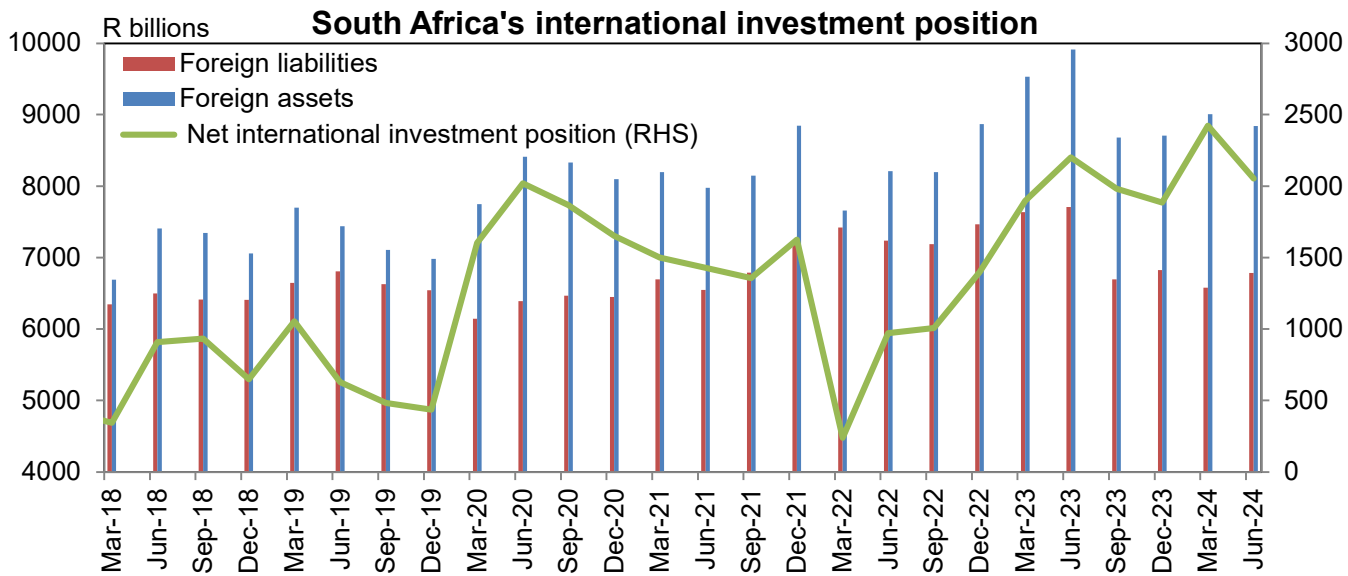


## South Africa's international investment position

### Net<sup>1</sup> international investment position

South Africa's positive net international investment position (IIP) decreased from a revised R2 424 billion at the end of March 2024 to R2 052 billion at the end of June. The decrease in the positive net IIP in the second quarter of 2024 resulted from both a decrease in foreign assets and an increase in foreign liabilities. The appreciation in the exchange value of the rand had a larger impact on foreign assets than on foreign liabilities as reflected in the nominal effective exchange rate which increased on balance by 5.2 per cent in the second quarter of 2024.



Source: SARB

<sup>1</sup> Net calculated as foreign assets minus foreign liabilities.

## Foreign assets

The market value of South Africa's foreign assets (outward investment) decreased by 1.8% from a revised R9 003 billion at the end of March 2024 to R8 838 billion at the end of June. The decrease in foreign assets reflected a decrease in all functional categories, except for a marginal increase in portfolio investment. Direct investment declined mainly because of valuation effects due to the improvement in the exchange value of the rand. The increase in portfolio investment was due to the increase in the value of dual-listed entities, a 3.9% increase in the US Standard & Poor's (S&P) 500 Index and the domestic private non-banking sector's acquisition of foreign equity securities. Other investment assets decreased mainly due to non-residents' repayment of short-term loans to the domestic banking sector. Reserve assets decreased mainly because of foreign exchange payments and the improvement in the exchange value of the rand, which more than offset an increase in the gold price.

## Composition of outward investment

R billions

	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024
Direct investment.....	3 966	2 895	2 791	2 824	2 766
Portfolio investment.....	3 838	3 681	3 889	4 054	4 081
Financial derivatives.....	152	141	115	114	108
Other investment.....	786	807	755	826	754
Reserve assets.....	1 167	1 153	1 158	1 186	1 130
Total.....	9 909	8 676	8 707	9 003	8 838
<i>Memo: US\$/Rand exchange rate</i>	18.9237	18.7840	18.5826	18.9926	18.2138

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 3.1% from a revised R6 580 billion at the end of March 2024 to R6 786 billion at the end of June. The increase in foreign liabilities reflected an increase in direct and portfolio investment functional categories, while other investment declined. Direct and portfolio investment increased mainly due to valuation effects, following a 6.9% increase in the FTSE/JSE All-share Index in the second quarter of 2024. The increase in direct investment was also augmented by a non-resident entity increasing its shareholding in a domestic company in the broadcasting sector. The increase in portfolio investment was partly countered by a US\$400 million international bond redemption by a domestic holding company. Other investment decreased mainly due to the domestic private non-banking sector's repayment of short-term loans to non-residents as well as national government's third of eight

quarterly repayments of XDR381 million on an International Monetary Fund (IMF) loan.

### Composition of inward investment

R billions

	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024
Direct investment.....	2 936	2 187	2 062	2 031	2 131
Portfolio investment.....	3 391	3 090	3 399	3 092	3 258
Financial derivatives.....	127	123	97	92	92
Other investment.....	1 255	1 296	1 266	1 365	1 305
Total.....	7 709	6 696	6 824	6 580	6 786
<i>Memo: US\$/Rand exchange rate</i>	18.9237	18.7840	18.5826	18.9926	18.2138

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 assets decreased and foreign liabilities increased. As a ratio of South Africa's annual gross domestic product (GDP),<sup>2</sup> foreign assets decreased from 126.9% at the end of March 2024 to 123.0% at the end of June, while foreign liabilities increased from 92.7% to 94.4% over the same period. This resulted in a decrease in the positive net IIP to GDP from 34.2% at the end of March 2024 to 28.6% at the end of June.

South Africa's IIP as at end September 2024 will be released on the Bank's website at the end of December 2024.

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<sup>2</sup> Annual GDP is calculated as the sum of the most recent four quarters of nominal GDP.