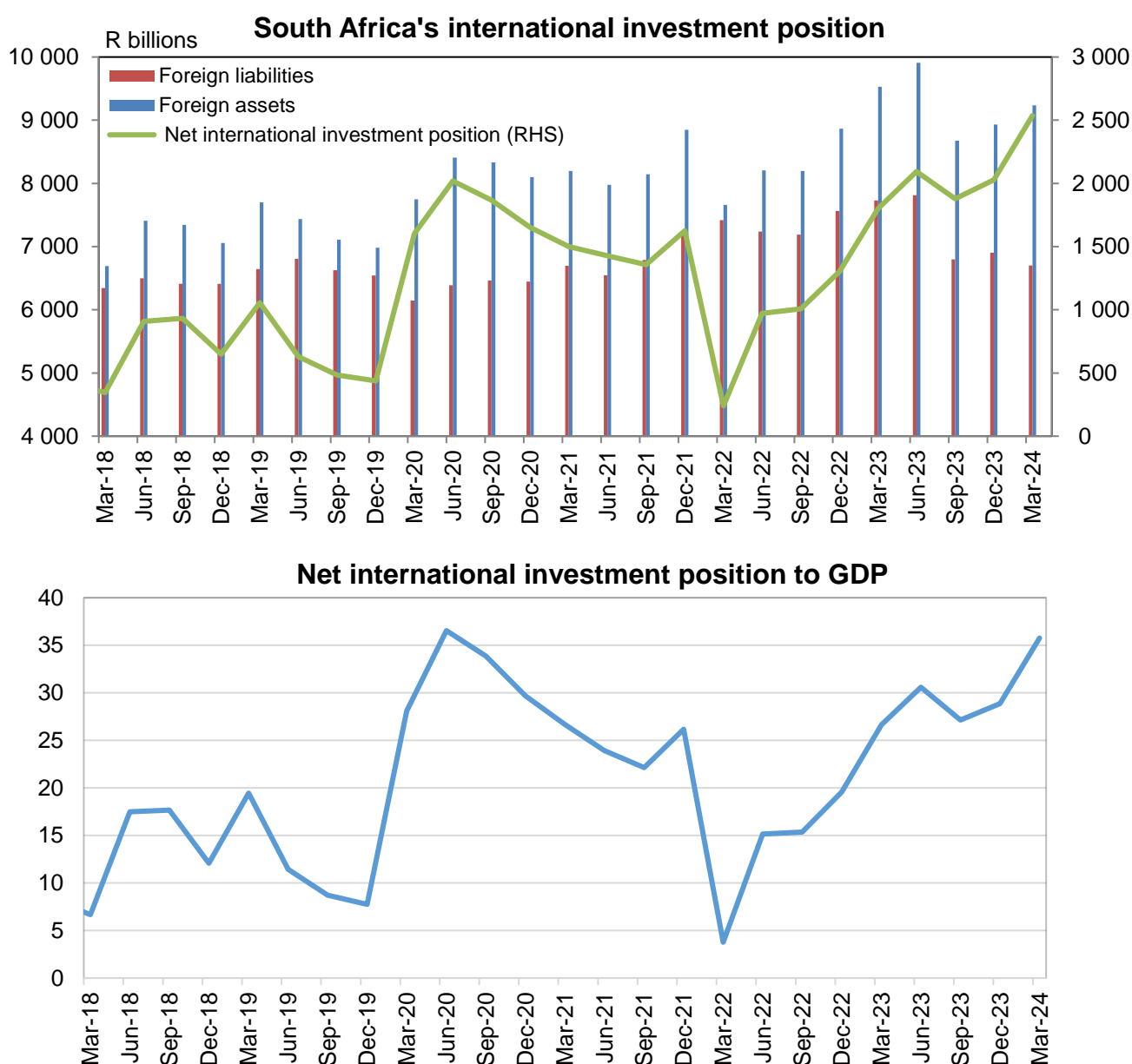


South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) increased from a revised R2 028 billion at the end of December 2023 to R2 537 billion at the end of March 2024. The increase in the positive net IIP in the first quarter of 2024 was due to a significant increase in foreign assets, mainly emanating from strong growth in foreign share market indices, while foreign liabilities decreased during the period.



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 3.4% from a revised R8 933 billion at the end of December 2023 to R9 237 billion at the end of March 2024. All functional categories of foreign assets increased in the first quarter of 2024, except financial derivatives. Direct and portfolio investment assets increased mainly because of a 10% increase in the US Standard & Poor's (S&P) 500 Index, supported by strong growth in other foreign share market indices for the period under review. Other investment assets increased as the domestic private banking and non-banking sectors granted short-term loans to foreign companies. Reserve assets increased mainly due to the valuation effects resulting from the increase in the price of gold and the depreciation of the rand against the dollar by 2.2% during the first quarter of 2024.

Composition of outward investment

R billions

	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024
Direct investment.....	3 885	3 966	2 895	2 925	2 958
Portfolio investment.....	3 684	3 838	3 681	3 980	4 150
Financial derivatives.....	121	152	141	115	114
Other investment.....	742	786	807	755	829
Reserve assets.....	1 099	1 167	1 153	1 158	1 186
Total.....	9 530	9 909	8 676	8 933	9 237
<i>Memo: US\$/Rand exchange rate</i>	17.8139	18.9237	18.7840	18.5826	18.9926

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 3% from a revised R6 905 billion at the end of December 2023 to R6 700 billion at the end of March 2024. All functional categories decreased, except other investment. The decrease in both the direct and portfolio investment liabilities, was largely due to valuation effects, following a 3.1% decrease in the FTSE/JSE All-share Index in the first quarter of 2023. The decrease in portfolio investment liabilities was further exacerbated by the disposal of both equity and debt securities by non-residents in the first quarter of 2024. Other investment liabilities increased as non-residents granted loans to the domestic private banking and non-banking sectors and as non-resident deposits with the domestic banking sector increased. In addition, national government increased its borrowing from international agencies, consisting of a €500 million KfW Development Bank and a CAD120 million Canada Just Energy Transition loan. These loan drawings were partially countered by the second of eight quarterly repayments of XDR381 million on an International Monetary Fund (IMF) loan.

Composition of inward investment

R billions

	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024
Direct investment.....	3 015	3 034	2 290	2 228	2 224
Portfolio investment.....	3 354	3 398	3 090	3 314	3 019
Financial derivatives.....	112	127	123	97	92
Other investment.....	1 248	1 255	1 296	1 266	1 365
Total.....	7 729	7 815	6 799	6 905	6 700
<i>Memo: US\$/Rand exchange rate</i>	17.8139	18.9237	18.7840	18.5826	18.9926

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 while foreign liabilities declined. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 127.2% at the end of December 2023 to 130.2% at the end of March 2024, while foreign liabilities decreased from 98.3% to 94.5% over the same period. This resulted in an increase in the positive net IIP from 28.9% at the end of December 2023 to 35.8% of GDP at the end of March 2024.

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

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