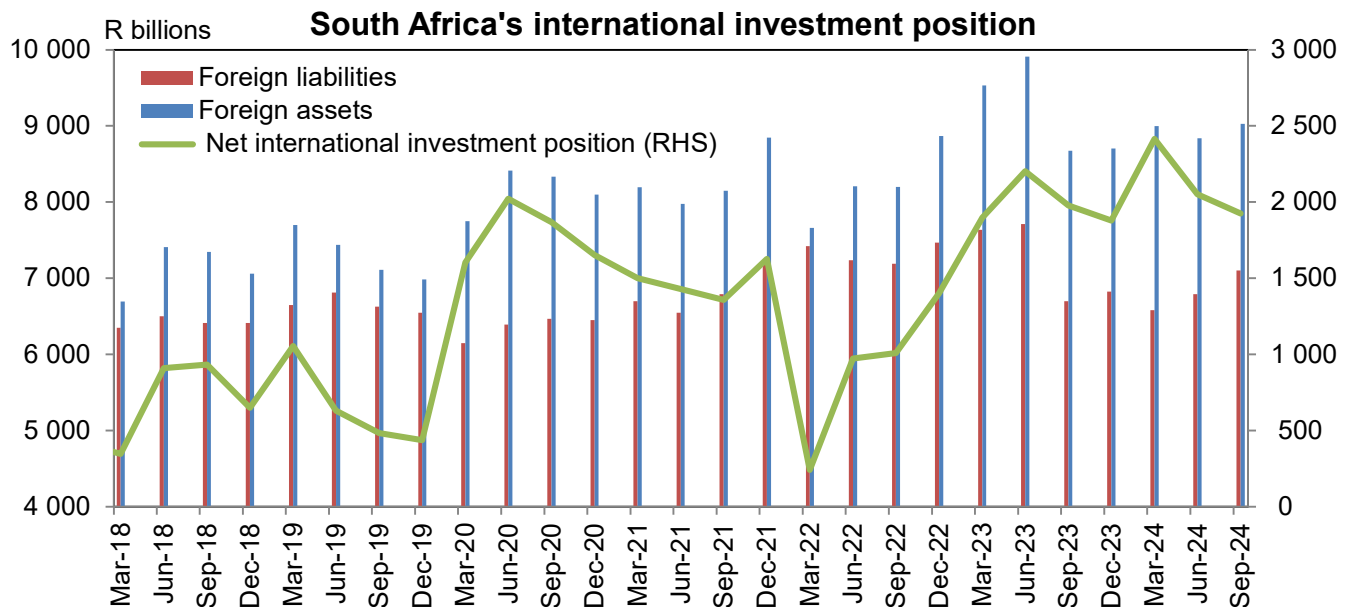


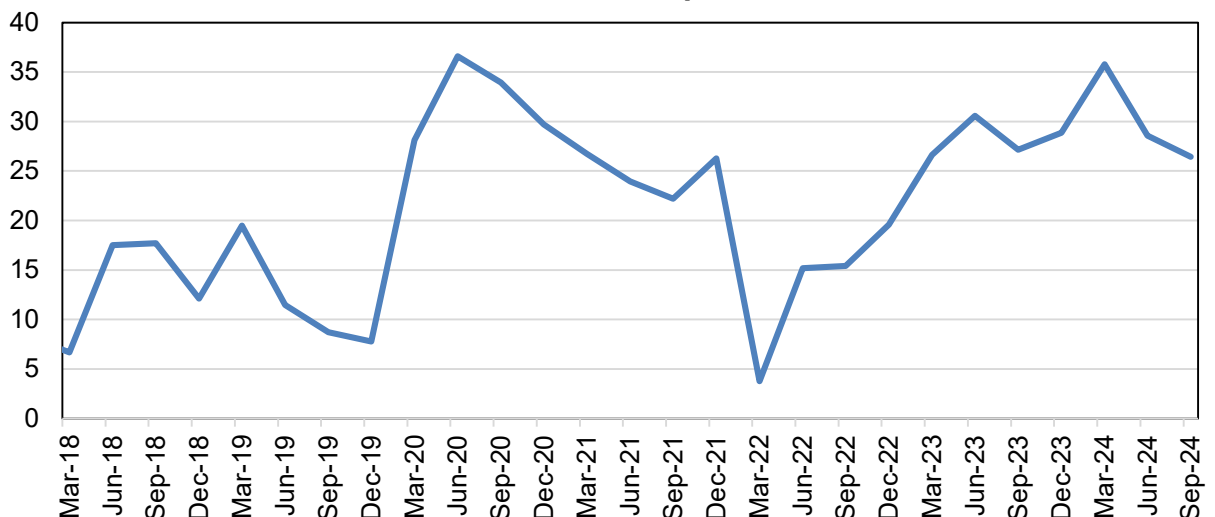
South Africa's international investment position

Net¹ international investment position

South Africa's positive net international investment position (IIP) decreased from R2 050 billion at the end of June 2024 to R1 924 billion at the end of September. The decrease in the positive net IIP reflected a larger increase in foreign liabilities compared to foreign assets. 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 2.3 per cent in the third quarter of 2024.



Net international investment position to GDP



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 2.1% from R8 838 billion at the end of June 2024 to R9 025 billion at the end of September. All functional categories of foreign assets increased in the third quarter of 2024, except for direct investment and reserve assets. Portfolio investment assets increased mainly due to the growth of foreign share indices as the Standard & Poor's (S&P) 500 Index increased by 5.5% in the third quarter of 2024, outweighing the stronger exchange rate of the rand. Other investment assets increased as the domestic private banking sector granted short-term loans under resale agreements to non-residents and, to a lesser extent, increased its deposits at non-resident banks, as well as the effect of short-term loans granted to non-residents by the private non-banking sector. However, direct investment declined marginally as a multi-national company in the chemical industry reported a substantial write-off in its operations abroad in the third quarter of 2024. Reserve assets decreased mainly due to valuation effects of an increase in the value of the rand which outweighed the price effect of the increase in the gold price and foreign exchange payments.

Composition of outward investment

R billions

	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Direct investment.....	2 895	2 791	2 824	2 766	2 750
Portfolio investment.....	3 675	3 883	4 045	4 081	4 187
Financial derivatives.....	141	115	114	108	135
Other investment.....	807	755	826	753	859
Reserve assets.....	1 153	1 158	1 186	1 130	1 093
Total.....	8 670	8 701	8 995	8 838	9 025
<i>Memo: US\$/Rand exchange rate</i>	18.7840	18.5826	18.9926	18.2138	17.1136

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 4.6% from R6 788 billion at the end of June 2024 to R7 101 billion at the end of September. The increase in foreign liabilities reflected an increase in all functional categories. Direct and portfolio investment assets increased mainly due to valuation effects, resulting from an increase in the FTSE/JSE All-share Index of 8.6% in the third quarter of 2024. The increase in portfolio investment was amplified by the non-residents' net acquisition of domestic debt and, to a lesser extent, equity securities. Other investment liabilities increased as non-residents granted loans to the private banking and non-banking sectors and increased their deposits at domestic banks. The inflow was partly countered by national

government's fourth instalment of eight quarterly repayments of XDR381 million on a special drawing rights (SDR) XDR-denominated International Monetary Fund loan.

Composition of inward investment

R billions

	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Direct investment.....	2 187	2 062	2 031	2 131	2 136
Portfolio investment.....	3 090	3 399	3 092	3 258	3 531
Financial derivatives.....	123	97	92	94	122
Other investment.....	1 296	1 266	1 365	1 305	1 312
Total.....	6 696	6 824	6 580	6 788	7 101
<i>Memo: US\$/Rand exchange rate</i>	18.7840	18.5826	18.9926	18.2138	17.1136

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 liabilities increased more than the increase in foreign assets. As a ratio of South Africa's annual gross domestic product (GDP),² foreign assets increased from 123.0% at the end of June 2024 to 124.4% at the end of September, while foreign liabilities increased from 94.5% to 97.9% over the same period. This resulted in a decrease in the positive net IIP from 28.5% at the end of June 2024 to 26.5% of GDP at the end of September.

South Africa's IIP as at end December 2024 will be released on the Bank's website at the end of March 2025.

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