



SOUTH AFRICAN RESERVE BANK

Statistical press release

Balance of payments: current account of the balance of payments¹ First quarter 2022

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The surplus on the *current account* of the balance of payments widened to R143 billion in the first quarter of 2022 from R132 billion in the fourth quarter of 2021. As a ratio of gross domestic product (GDP), the current account surplus widened slightly to 2.2% in the first quarter of 2022 from 2.1% in the preceding quarter.

South Africa's *trade surplus* widened from R336 billion in the fourth quarter of 2021 to R360 billion in the first quarter of 2022 as the value of merchandise and net gold exports increased further to an all-time high while the value of merchandise imports also rose further to the highest level on record. The widening of the trade surplus reflected a larger increase in the value of merchandise and net gold exports than in the value of merchandise imports.

The higher value of both exports and imports of goods and services reflected both higher volumes and prices.

The shortfall on the *services, income and current transfer account* widened to R217 billion in the first quarter of 2022 from R204 billion in the fourth quarter of 2021 as larger deficits on the services and secondary income accounts outweighed a smaller deficit on the primary income account. The deficit on the services, income and current transfer account as a ratio of GDP increased slightly to 3.3% in the first quarter of 2022 from 3.2% in the fourth quarter of 2021.

South Africa's *terms of trade* (including gold) improved slightly in the first quarter of 2022 as the rand price of exports of goods and services increased more than that of imports.

¹ The current account transactions are all seasonally adjusted and annualised.

Current account of the balance of payments

R billions Seasonally adjusted and annualised	2021					2022
	Q1	Q2	Q3	Q4	Year	Q1
Current account credits (Receipts)						
Goods and services	1 843	2 012	1 891	1 981	1 932	2 141
Exports of goods	1 725	1 882	1 758	1 822	1 797	1 968
Merchandise exports (free on board)	1 618	1 782	1 653	1 702	1 689	1 891
Net gold exports	107	100	105	120	108	76
Services receipts	118	129	133	159	135	174
Primary income receipts	171	114	244	141	167	171
Secondary income (current transfers) receipts	44	45	66	71	57	56
Current account debits (Payments)						
Goods and services	1 459	1 509	1 518	1 712	1 550	1 864
Merchandise imports (free on board)	1 271	1 317	1 321	1 486	1 349	1 608
Services payments	188	193	197	226	201	256
Primary income payments	231	285	371	257	286	270
Secondary income (current transfers) payments	99	81	98	92	92	93
Balances (Net transactions: receipts less payments)						
Trade balance (goods)	454	565	437	336	448	360
Balance on trade in services	- 70	- 63	- 64	- 67	- 66	- 82
Balance on goods and services	384	502	373	269	382	278
Balance on primary income	- 60	- 171	- 127	- 116	- 119	- 98
Balance on secondary income (current transfers)	- 55	- 36	- 31	- 21	- 36	- 37
Balance on services, income and current transfers	- 185	- 270	- 222	- 204	- 220	- 217
Current account balance	269	296	214	132	228	143
Balances as a percentage of GDP						
Trade balance (goods)	7.5	9.1	7.0	5.3	7.2	5.5
Balance on trade in services	- 1.2	- 1.0	- 1.0	- 1.0	- 1.1	- 1.2
Balance on goods and services	6.4	8.0	6.0	4.2	6.1	4.2
Balance on primary income	- 1.0	- 2.7	- 2.0	- 1.8	- 1.9	- 1.5
Balance on secondary income (current transfers)	- 0.9	- 0.6	- 0.5	- 0.3	- 0.6	- 0.6
Balance on services, income and current transfers	- 3.1	- 4.3	- 3.6	- 3.2	- 3.5	- 3.3
Current account balance	4.4	4.7	3.4	2.1	3.7	2.2

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

Sources: Stats SA and SARB

Indices of volumes and prices¹

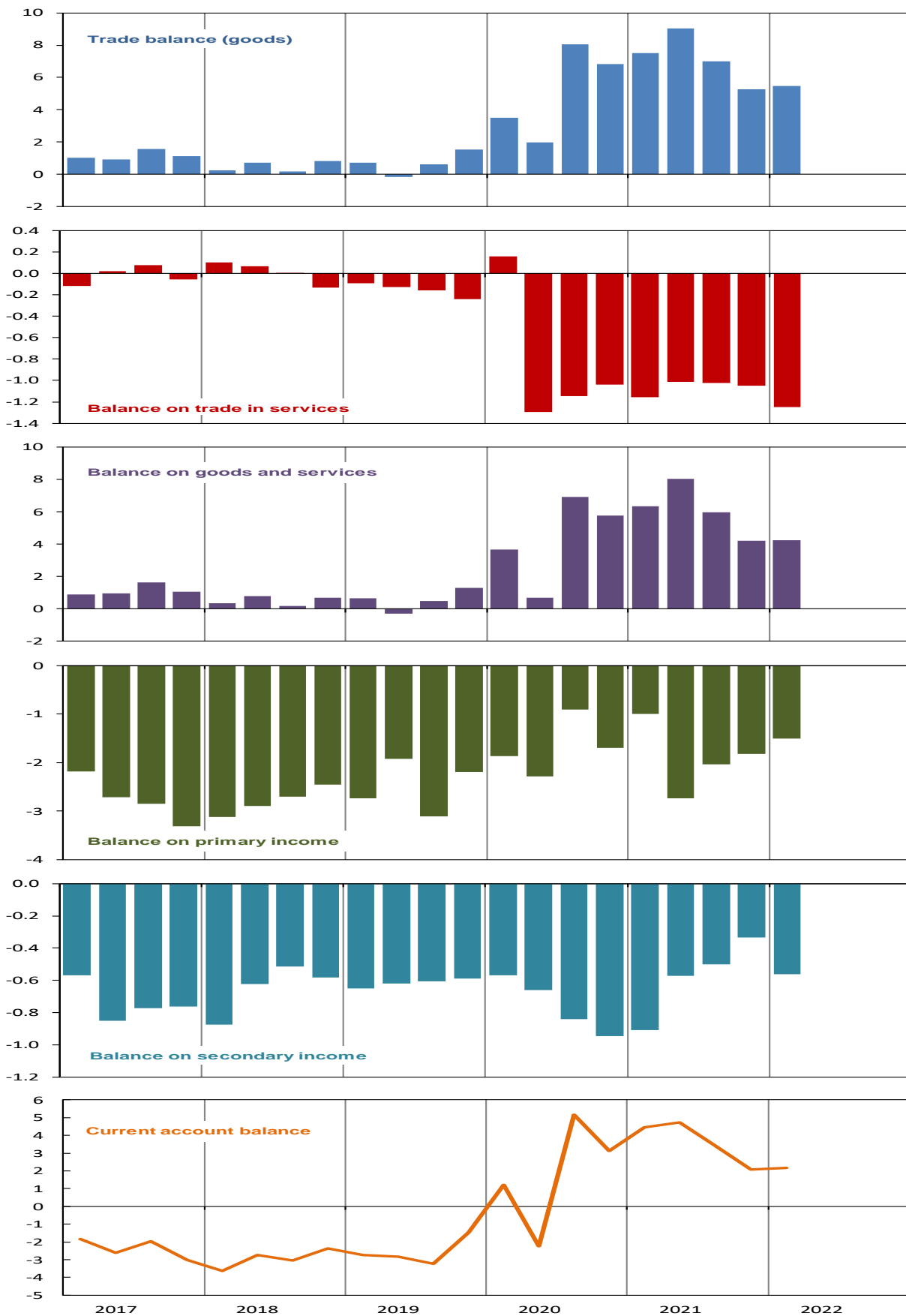
2015 = 100	2021					2022
	Q1	Q2	Q3	Q4	Year	Q1
Exports, including net gold exports²						
Volume	95.6	98.5	91.7	99.3	96.3	103.2
Price	157.3	166.7	168.3	162.8	163.8	169.3
Exports, excluding net gold exports						
Volume	95.7	98.9	91.6	99.2	96.3	105.3
Price	155.7	165.9	167.2	160.9	162.4	168.2
Imports						
Volume	90.8	91.0	88.0	95.4	91.3	100.1
Price	125.3	129.3	134.6	139.9	132.3	145.2
Terms of trade³						
Including net gold exports	125.6	128.9	125.0	116.4	124.0	116.6
Excluding net gold exports	124.3	128.3	124.3	115.0	122.9	115.9

Sources: Stats SA and SARB

Notes:

1. Derived from goods and services (exports and imports of goods free on board as well as exports and imports of services); indices are based on seasonally adjusted and annualised data
2. Exports include net gold exports or net gold imports, with the latter recorded as negative exports
3. Export price index divided by import price index

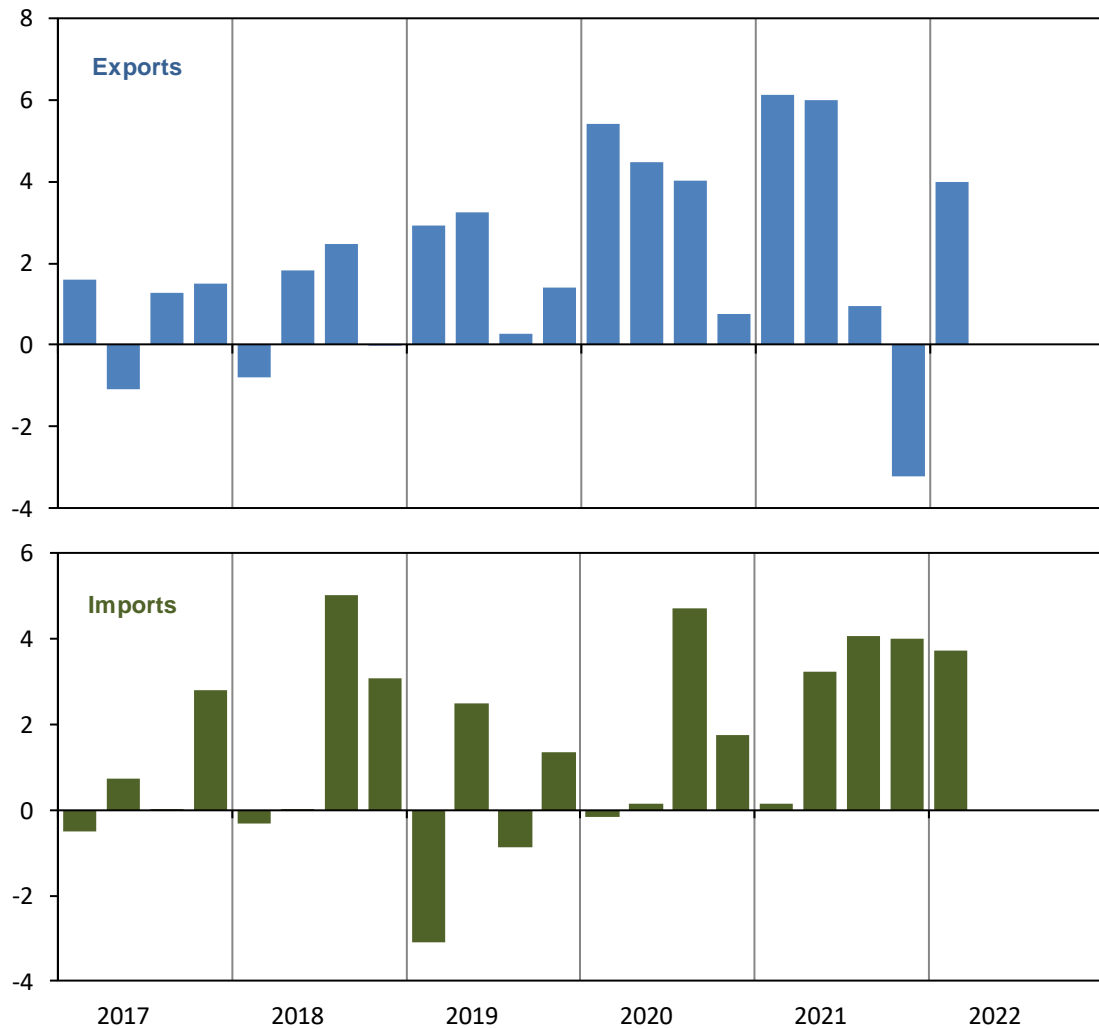
Current account of the balance of payments
As a percentage of GDP



Seasonally adjusted and annualised
Data not rounded
Sources: Stats SA and SARB

Prices of exports and imports*

Percentage change from quarter to quarter

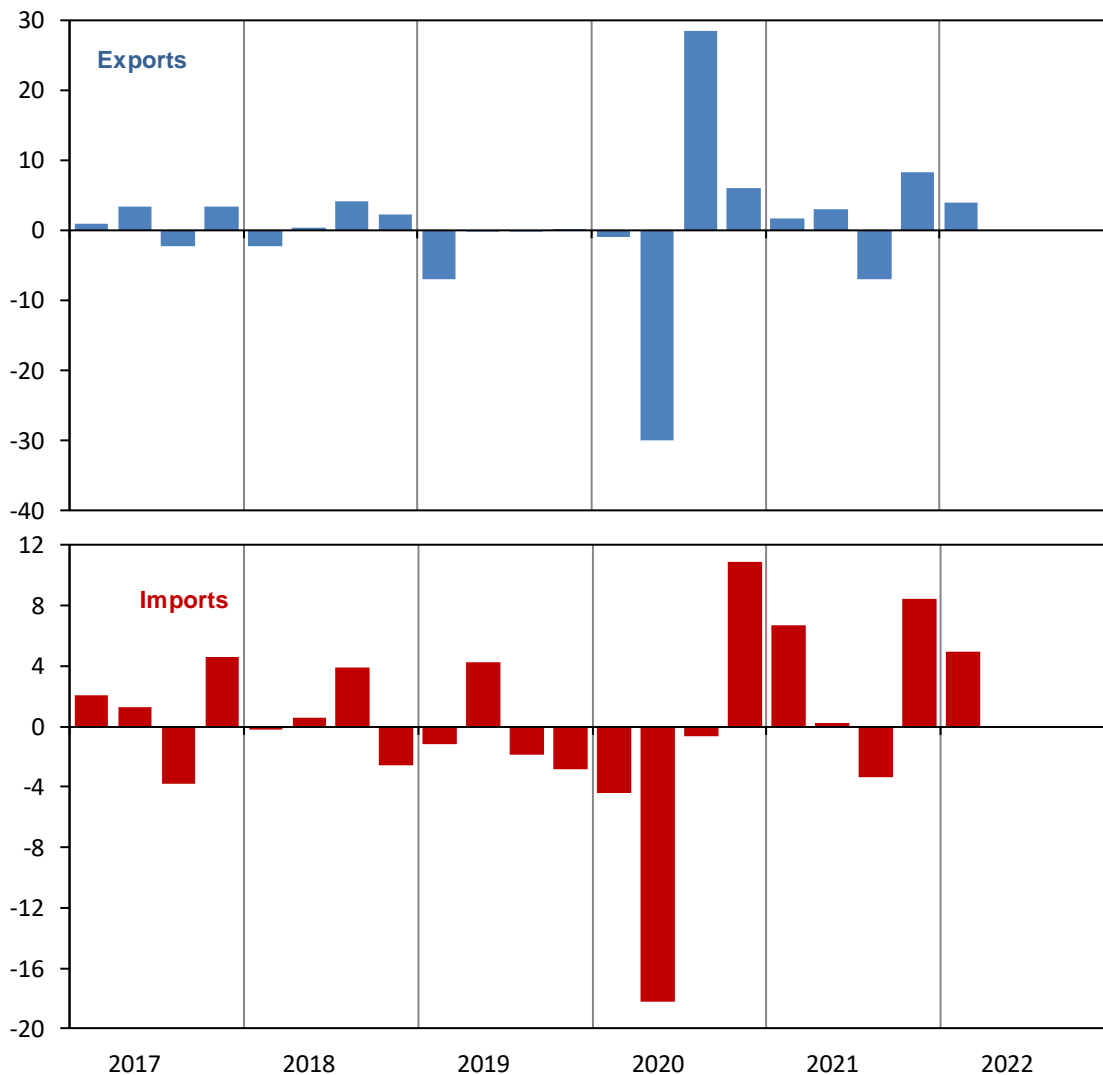


* Including services and gold

Sources: Stats SA and SARB

Volumes of exports and imports*

Percentage change from quarter to quarter



* Including services and gold
Sources: Stats SA and SARB

Additional information

Data sources:

The South African Reserve Bank (SARB) is responsible for the compilation of balance of payments statistics. The South African Revenue Service (SARS) is the primary source of South Africa's merchandise trade statistics, which include net gold exports as compiled by the SARB. The SARB makes balance of payments adjustments to merchandise trade at current prices and estimates the nominal value of services as

well as primary and secondary income. The SARB seasonally adjusts primary and secondary income. Statistics South Africa (Stats SA) seasonally adjusts the nominal values of goods and services and converts them to constant values at 2010 prices.

Agencies that contribute to current account statistics

	Nominal	Seasonal adjustment	Deflators	Constant
Goods.....	SARB	Stats SA	Stats SA	Stats SA
Services.....	SARB	Stats SA	Stats SA	Stats SA
Primary income.....	SARB	SARB	Not applicable	Not applicable
Secondary income....	SARB	SARB	Not applicable	Not applicable

SARS trade data is compiled in accordance with the *International Merchandise Trade Statistics: Concepts and Definitions Manual* and is structured according to the Harmonised System (HS) at an 8-digit level with 99 product/commodity groupings called chapters. In turn, these 99 chapters are arranged into 23 sections. The HS is developed by the World Customs Organization (WCO) and is internationally comparable up to a 6-digit level.

When SARS releases monthly merchandise trade data, the SARB and Stats SA receive the detailed data set. These releases include data of the preceding 23 months incorporating vouchers of correction and the data for the newly released month. To convert customs data to balance of payments data requires adjustments for timing, valuation, classification and coverage to correct for the main conceptual difference – international merchandise trade statistics are based on goods entering and exiting a country whereas balance of payments transactions are based on a change in ownership between residents and non-residents. The SARB makes balance of payments adjustments to the trade data for oil, postal trade, goods procured in ports, electricity, and valuations.

The SARB's estimation of services as well as primary and secondary income is based on a variety of sources and internal calculations. These sources include, among other things, the International Transaction Reporting System (ITRS) which comprises

information provided by banks to the SARB, internally driven quarterly sample surveys, credit card information, government departments, commercial banks and the JSE Limited.

Methodology:

Compilation of the balance of payments

The compilation is based on the guidelines of the sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6) of the International Monetary Fund.

Calculation as a ratio of GDP

The denominator is quarterly nominal (seasonally adjusted and annualised) GDP.

Seasonal adjustment

Seasonal adjustment identifies and removes recurring seasonal fluctuations and calendar effects to obtain the underlying movements, such as turning points, the trend cycle and the irregular component.

Stats SA seasonally adjusts goods and services. The following Stats SA document explains the methodology:

http://www.statssa.gov.za/publications/P0441/Read_me_Sources_and_Methods.pdf

The SARB seasonally adjusts primary and secondary income. The SARB follows the Eurostat guidelines on seasonal adjustment. The SARB uses the X-13-ARIMA-SEATS procedure in Jdemetra+, a seasonal adjustment program developed and supported by the United States Census Bureau. It contains two parts: the enhanced X-11 procedure, and the ARIMA (Autoregressive Integrated Moving Average) model procedure from the SEATS (Signal Extraction in ARIMA Time Series) seasonal adjustment program. The method is divided into two main parts. The first does a pre-adjustment and the second decomposes the time series to estimate and remove the seasonal component. The M-statistics criteria are used as a benchmark for evaluating the quality of the seasonal adjustment.

Constant prices

Stats SA is responsible for the estimation of goods and services at constant prices. The following Stats SA document explains the methodology:

http://www.statssa.gov.za/publications/P0441/Read_me_Sources_and_Methods.pdf

Definitions:

The *balance of payments* is a statistical summary of transactions between residents and non-residents during a specific period. It consists of the current, capital and financial accounts.

The *current account* shows transactions of goods and services as well as primary and secondary income.

Goods are physically visible produced items over which ownership rights can be established and whose economic ownership can be passed from one institutional unit to another by engaging in transactions.

Free on board means the value of goods, excluding transportation and insurance services.

Services transactions arise from production activities and generally cannot be separated from consumption, and ownership rights cannot be separately established. The broad services categories comprise travel, transportation and other services.

Primary income transactions include investment income such as dividends and interest as the return on financial assets and compensation of employees for the contribution of labour to production activities.

Secondary income transactions consist of *current transfers* between residents and non-residents without a quid pro quo. This comprises current transfers by central government and other sectors.

The balance on *services, income and current transfers* is the net of receipts and payments of services as well as primary and secondary income transactions.

The *trade balance* is the value of merchandise and net gold exports minus merchandise imports.

The *current account balance* is the difference between credits (exports of goods and services and income receipts) and debits (imports of goods and services and income payments).

Terms of trade is the ratio of export prices to import prices.

Additional statistics are available in the accompanying Excel spreadsheet.