



SOUTH AFRICAN RESERVE BANK

## Statistical press release

### Balance of payments: current account of the balance of payments<sup>1</sup> Fourth quarter 2021

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The surplus on the *current account* of the balance of payments narrowed further to R120 billion in the fourth quarter of 2021 from R216 billion in the third quarter. As a ratio of gross domestic product (GDP), the current account surplus narrowed to 1.9% in the fourth quarter of 2021 from 3.5% in the preceding quarter while increasing on an annual basis to 3.7% in 2021 from 2.0% in 2020. In value terms, the annual consecutive current account surplus more than doubled to R227 billion in 2021, the largest on record.

South Africa's *trade surplus* narrowed from R439 billion in the third quarter of 2021 to R324 billion in the fourth quarter as the value of merchandise imports increased substantially more than the value of merchandise and net gold exports. The value of merchandise imports increased strongly to an all-time high in the fourth quarter of 2021 while exports of goods recovered over the period.

The higher value of imports of goods and services resulted from both higher volumes and prices while the increase in the value of exports of goods and services reflected an increase in volumes which more than offset a decline in prices.

The shortfall on the *services, income and current transfer account* decreased to R204 billion in the fourth quarter of 2021 from R222 billion in the third quarter. The smaller deficit in the fourth quarter of 2021 can mainly be ascribed to a smaller shortfall on the primary income account together with a further decline in the deficit of the secondary income account, while the services deficit increased somewhat. The deficit on the services, income and current transfer account as a ratio of GDP narrowed to 3.2% in the fourth quarter of 2021 from 3.6% in the third quarter.

South Africa's *terms of trade* (including gold) deteriorated further in the fourth quarter of 2021 as the rand price of exports of goods and services declined while that of imports increased. However, for the year as a whole, the terms of trade increased by 4.6%.

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<sup>1</sup> The current account transactions are all seasonally adjusted and annualised.

## Current account of the balance of payments

R billions Seasonally adjusted and annualised	2020	2021				
	Year	Q1	Q2	Q3	Q4	Year
<b>Current account credits (Receipts)</b>						
Goods and services	1 534	1 847	2 016	1 889	1 971	1 931
Exports of goods	1 394	1 729	1 887	1 757	1 811	1 796
Merchandise exports (free on board)	1 286	1 622	1 786	1 652	1 692	1 688
Net gold exports	108	107	100	105	120	108
Services receipts	140	118	129	133	159	135
Primary income receipts	129	171	114	244	141	168
Secondary income (current transfers) receipts	59	44	45	66	71	57
<b>Current account debits (Payments)</b>						
Goods and services	1 289	1 459	1 510	1 515	1 714	1 549
Merchandise imports (free on board)	1 105	1 271	1 317	1 318	1 487	1 348
Services payments	185	188	193	197	226	201
Primary income payments	221	231	285	371	257	286
Secondary income (current transfers) payments	101	99	81	98	92	92
<b>Balances (Net transactions: receipts less payments)</b>						
<b>Trade balance (goods)</b>	<b>289</b>	<b>458</b>	<b>570</b>	<b>439</b>	<b>324</b>	<b>448</b>
Balance on trade in services	- 45	- 70	- 64	- 64	- 67	- 66
Balance on goods and services	245	388	506	374	257	381
Balance on primary income	- 93	- 60	- 171	- 127	- 116	- 118
Balance on secondary income (current transfers)	- 42	- 55	- 36	- 31	- 21	- 36
<b>Balance on services, income and current transfers</b>	<b>- 180</b>	<b>- 185</b>	<b>- 270</b>	<b>- 222</b>	<b>- 204</b>	<b>- 220</b>
<b>Current account balance</b>	<b>110</b>	<b>273</b>	<b>300</b>	<b>216</b>	<b>120</b>	<b>227</b>
<b>Balances as a percentage of GDP</b>						
<b>Trade balance (goods)</b>	<b>5.2</b>	<b>7.6</b>	<b>9.1</b>	<b>7.1</b>	<b>5.1</b>	<b>7.2</b>
Balance on trade in services	- 0.8	- 1.2	- 1.0	- 1.0	- 1.1	- 1.1
Balance on goods and services	4.4	6.4	8.1	6.0	4.0	6.1
Balance on primary income	- 1.7	- 1.0	- 2.7	- 2.1	- 1.8	- 1.9
Balance on secondary income (current transfers)	- 0.8	- 0.9	- 0.6	- 0.5	- 0.3	- 0.6
<b>Balance on services, income and current transfers</b>	<b>- 3.3</b>	<b>- 3.1</b>	<b>- 4.3</b>	<b>- 3.6</b>	<b>- 3.2</b>	<b>- 3.6</b>
<b>Current account balance</b>	<b>2.0</b>	<b>4.5</b>	<b>4.8</b>	<b>3.5</b>	<b>1.9</b>	<b>3.7</b>

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

Sources: Stats SA and SARB

## Indices of volumes and prices<sup>1</sup>

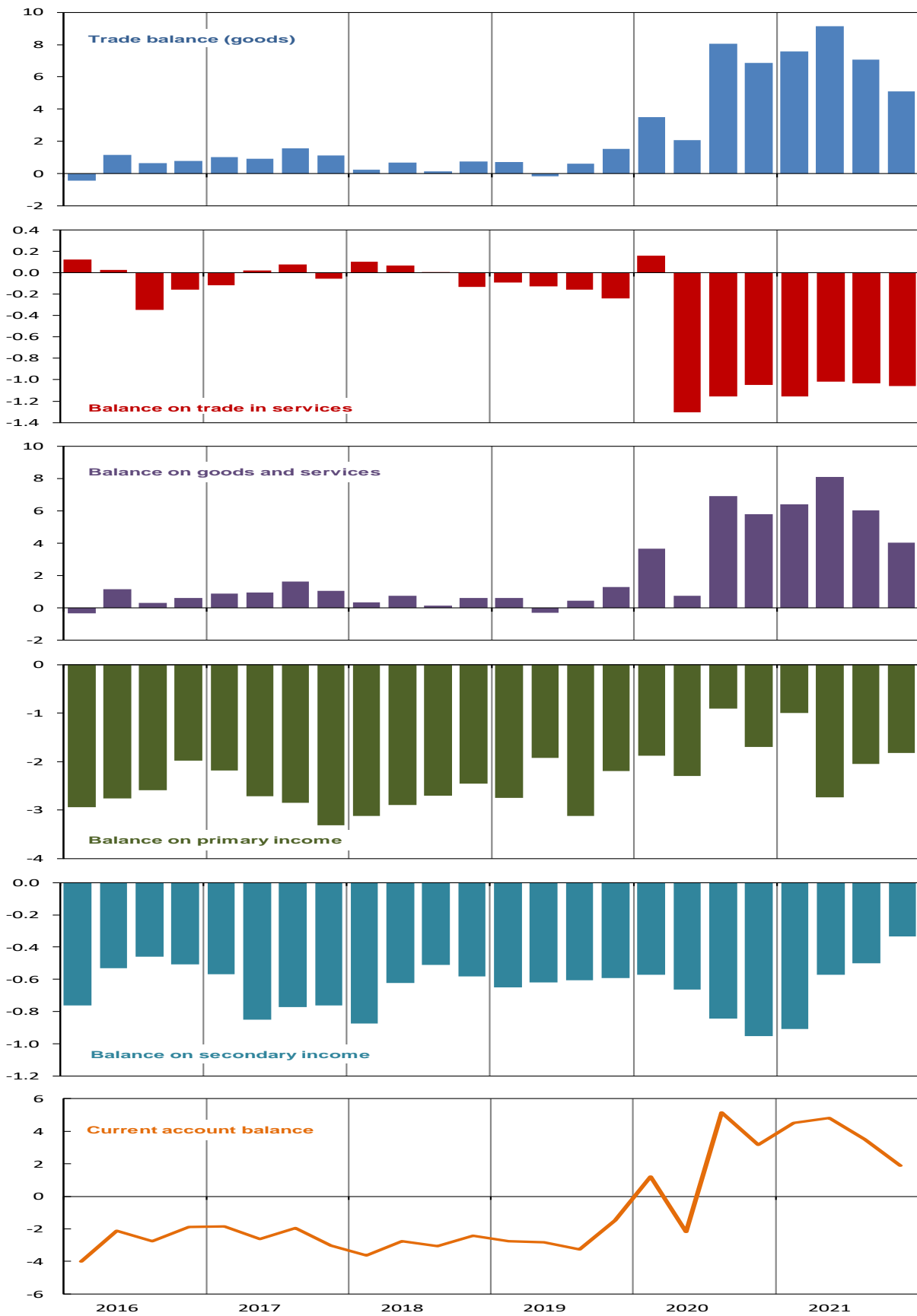
2015 = 100	2020	2021				
	Year	Q1	Q2	Q3	Q4	Year
<b>Exports<sup>2</sup></b>						
Volume	<b>87.6</b>	95.8	98.8	91.2	99.0	<b>96.2</b>
Price	<b>143.0</b>	157.3	166.6	169.0	162.4	<b>163.8</b>
<b>Imports</b>						
Volume	<b>83.4</b>	90.9	90.8	87.7	95.5	<b>91.2</b>
Price	<b>120.6</b>	125.1	129.6	134.7	140.0	<b>132.3</b>
<b>Terms of trade<sup>3</sup></b>	<b>118.5</b>	125.7	128.5	125.5	116.1	<b>123.9</b>

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

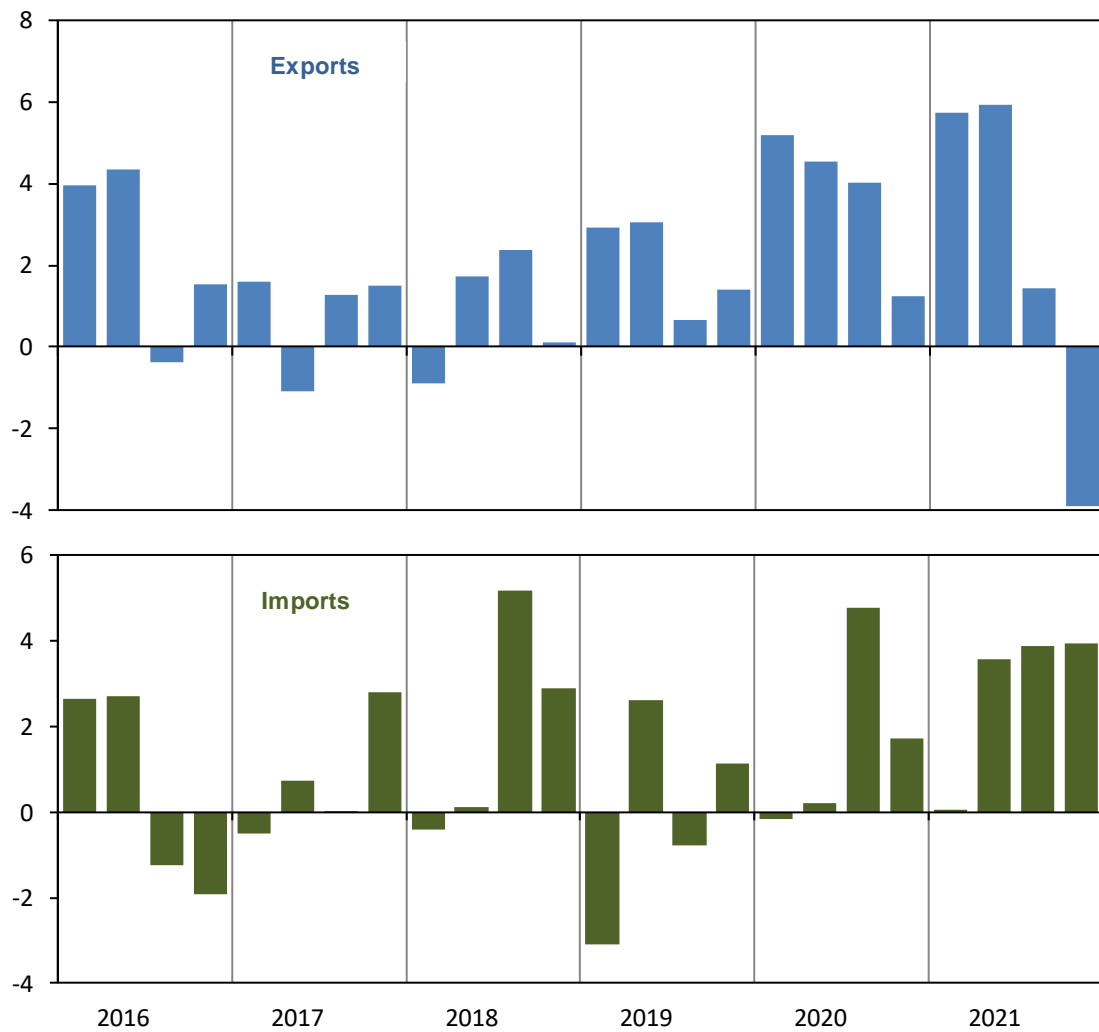
## Current account of the balance of payments As a percentage of GDP



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

## Prices of exports and imports\*

Percentage change from quarter to quarter

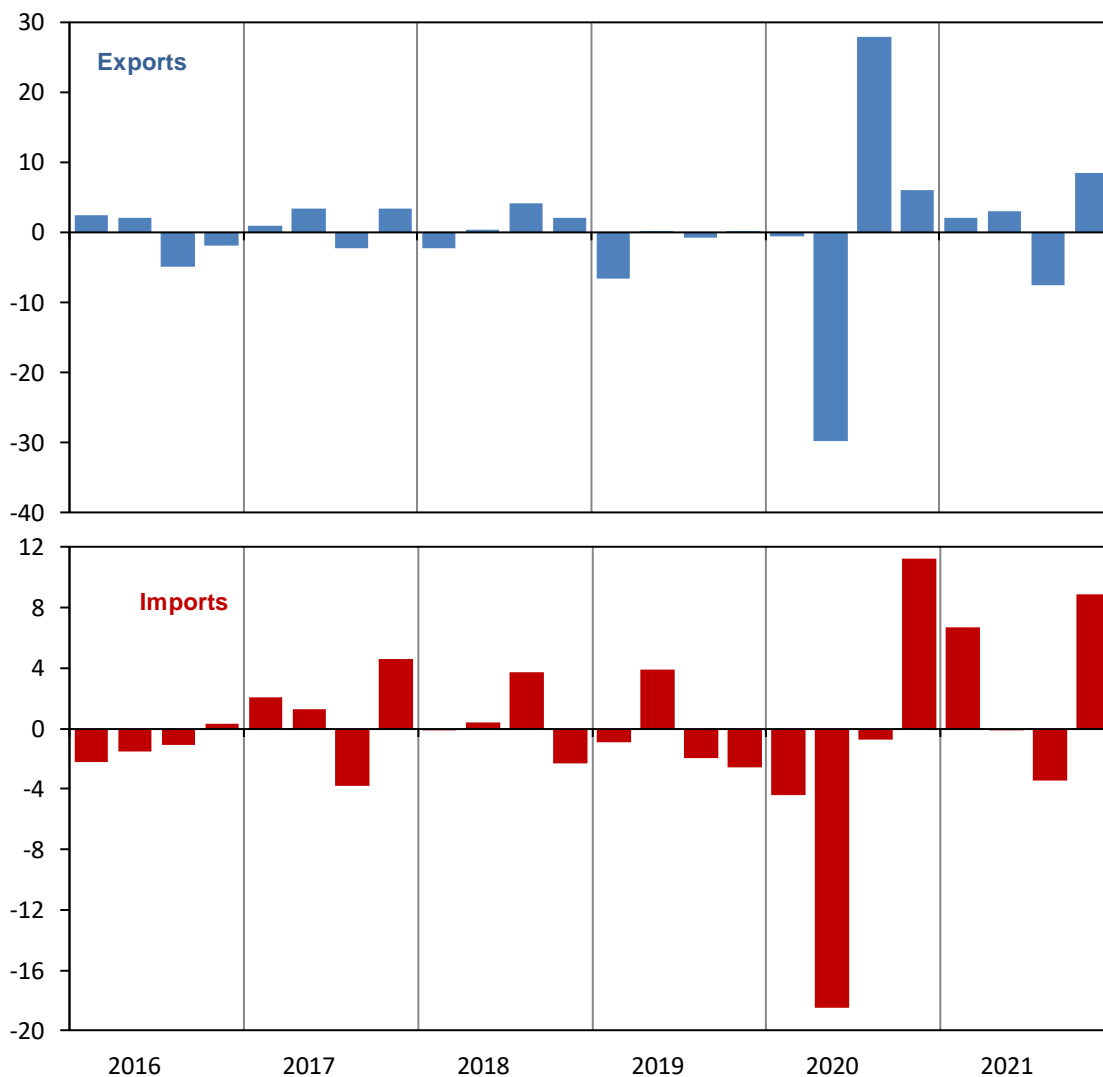


\* Including services and gold

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
<b>Goods.....</b>	SARB	Stats SA	Stats SA	Stats SA
<b>Services.....</b>	SARB	Stats SA	Stats SA	Stats SA
<b>Primary income.....</b>	SARB	SARB	Not applicable	Not applicable
<b>Secondary income....</b>	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](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](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.**