

Investment and profitability

In the year to the third quarter 2018, both private investment and general government investment remained essentially flat. State-Owned Corporation (SOC) investment, however, fell by 1.1%, with a decline of 3.5% in the third quarter alone.

Private investment, which accounts for two thirds of the total, dropped sharply in 2016 and since then has remained essentially unchanged (see Graph 15). General government and SOCs essentially split the remaining investment. Government investment remained essentially unchanged over the past two years, but SOC investment fell by 1.1% in the year to the third quarter of 2018, with a 3.5% fall in the third quarter of the year.

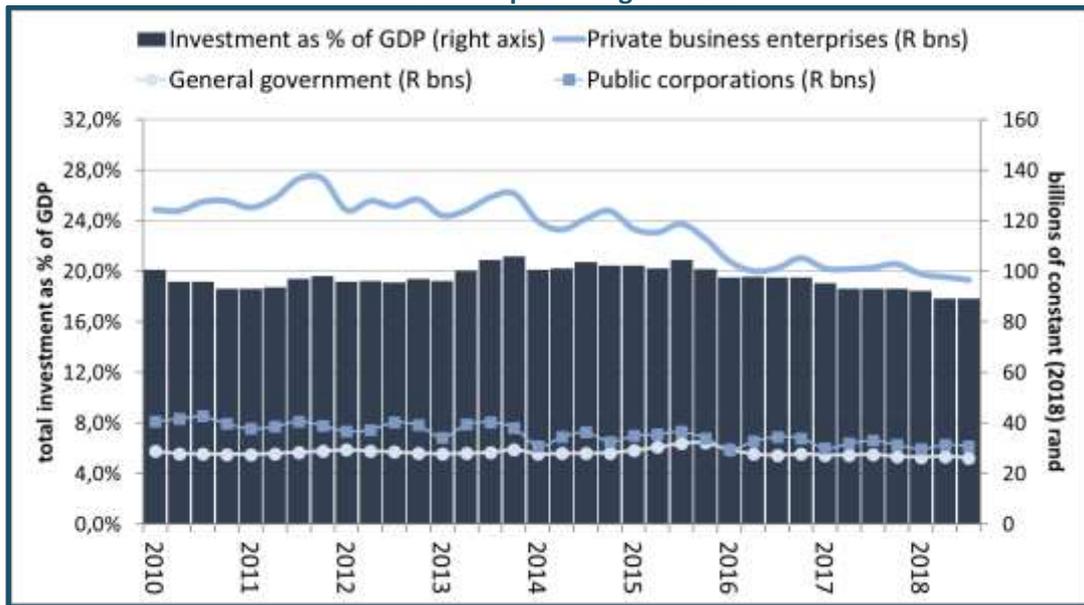
Graph 15: Change in investment by type of investor



Note: (a) seasonally adjusted. Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za in December 2018.

As a percentage of GDP, investment has fallen steadily since the fourth quarter of 2015 (Graph 16.) In seasonally adjusted terms, the value of private investment fell steadily from the fourth quarter of 2017, reversing a slight increase in the year to the third quarter 2017. Both SOC and general government investment also fell over this period.

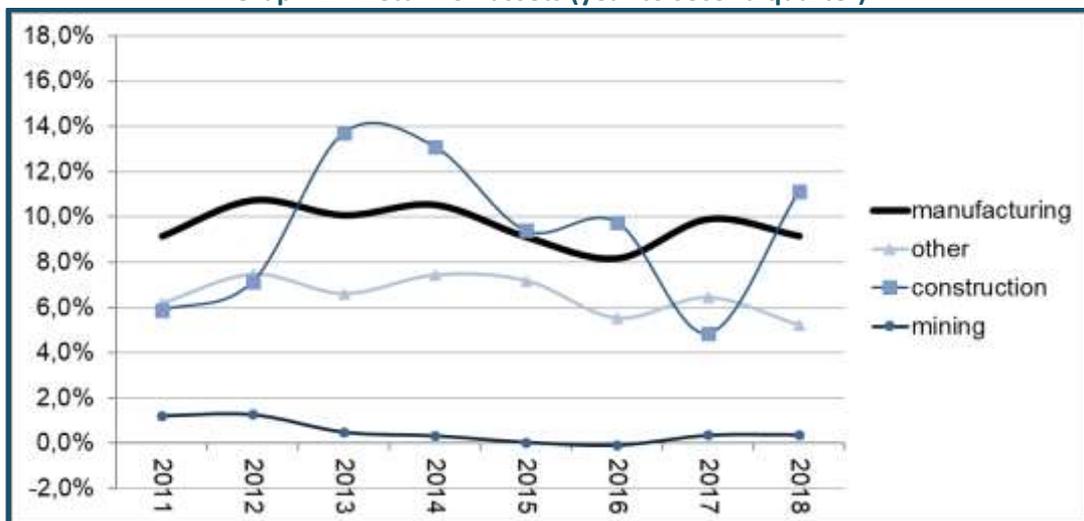
Graph 16: Quarterly seasonally adjusted investment by type of organisation in constant rand and as percentage of GDP



Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za in June 2018.

Data on profitability by sector are only available through the second quarter of 2018. As Graph 17 shows, return on assets for construction climbed sharply to 11.1% in 2018 after a sharp fall from 2013. In contrast, for manufacturing the indicator declined from 2017 to 2018, and while mining remained higher than in 2016 it was still very low.

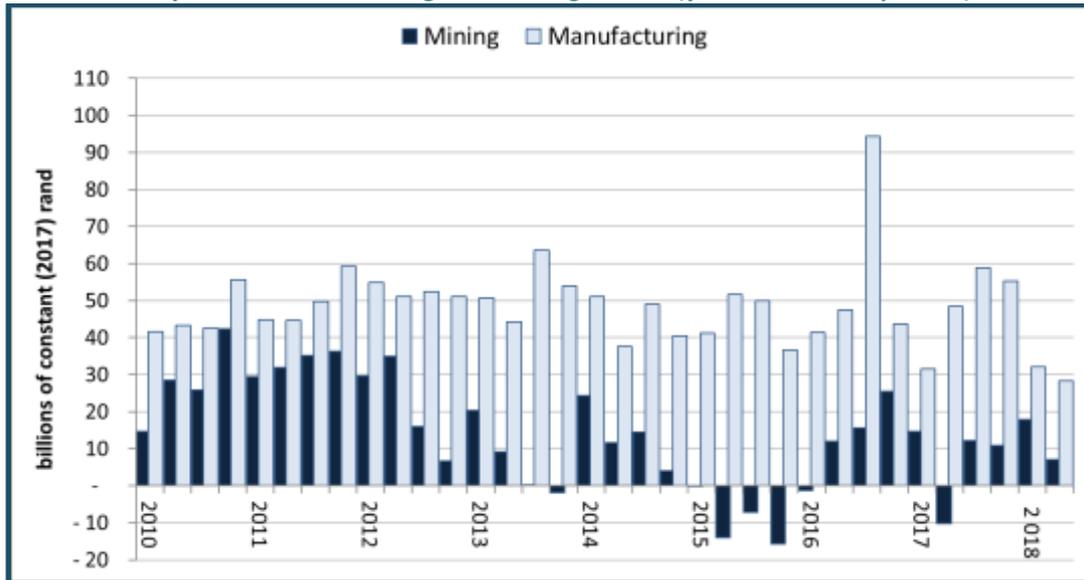
Graph 17: Return on assets (year to second quarter)



Source: StatsSA, Quarterly Financial Statistics.

Manufacturing saw a sharp fall in profits in the first quarter of 2018, with a more modest decline in the second quarter (see Graph 18). Mining continued to experience very low profits despite some improvement in the first quarter of 2018, which was followed by a steep fall.

Graph 18: Manufacturing and Mining Profits (year to second quarter)



Source: StatsSA. Quarterly Financial Statistics.