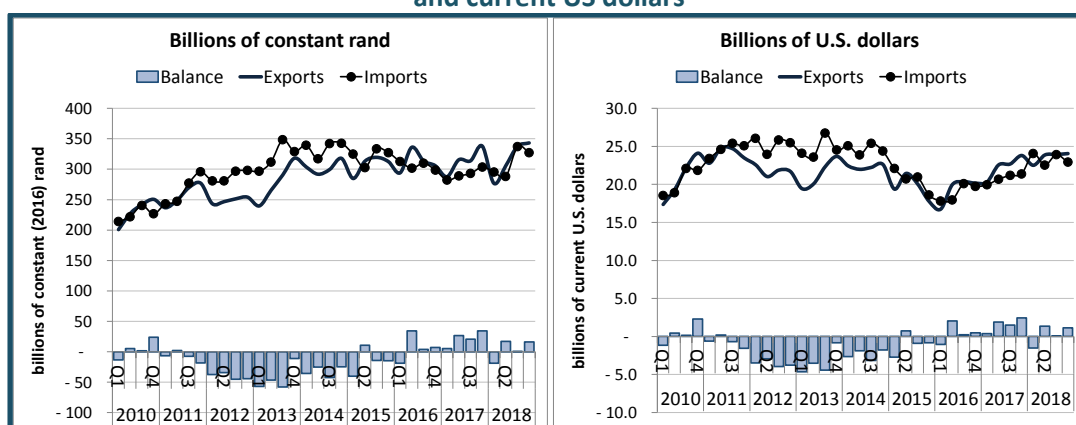


International trade

South Africa's balance of trade strengthened in the fourth quarter, mainly due to a fall in imports while exports increased. The economy typically runs surpluses during periods of slow growth, as seen in the past three years.

The fourth quarter of 2018 saw a positive balance of trade at R18 billion. In constant rand, exports rose to R343 billion from R337 billion in the previous quarter. Imports dropped from R337 billion to R327 billion. The increase in exports in rand terms was mainly due to depreciation, as they remained flat in dollar terms (see Graph 12).

Graph 1. Exports, imports and balance of trade in constant (2018) rand (a) and current US dollars

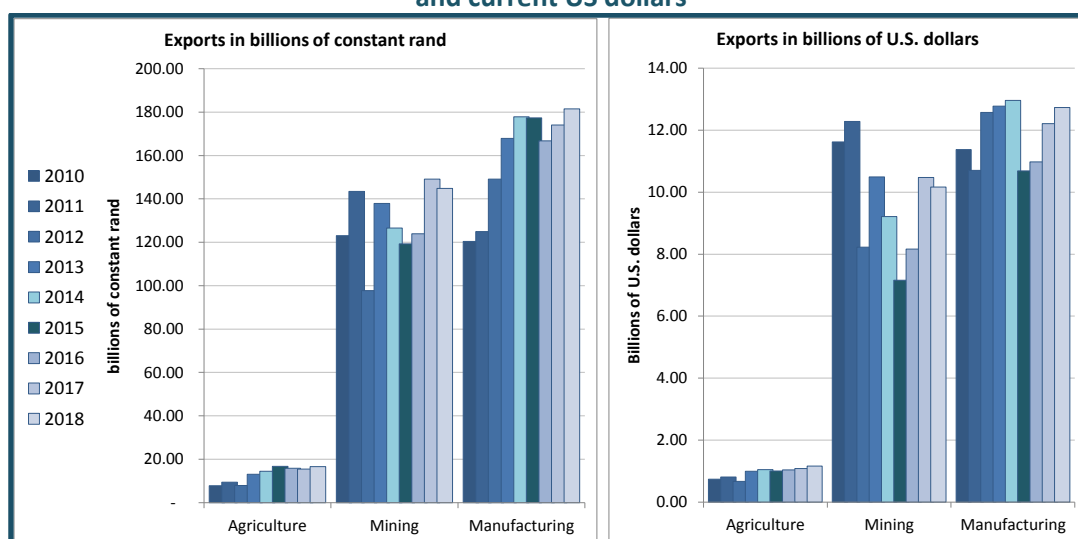


Note: (a) Deflated with CPI rebased to fourth quarter 2018. Source: South African Revenue Service (SARS) monthly trade data.

As Graph 12 shows, in both constant rand and US dollars manufactured exports were sharply higher but mining exports declined in the fourth quarter of 2018 compared to the fourth quarter of 2017. Manufactured exports, which are dominated by cars and refined metals, rose from R174 billion in 2017 to R182 billion in 2018 in constant rand.

In the same period, mining exports declined from R149 billion to R145 billion. The downturn followed significant growth over the previous three years as prices for platinum, gold and diamonds recovered somewhat from their steep fall in 2011, when the commodity boom ended. In dollar terms exports of ores, coals and metals were still lower than they were in the early 2010s.

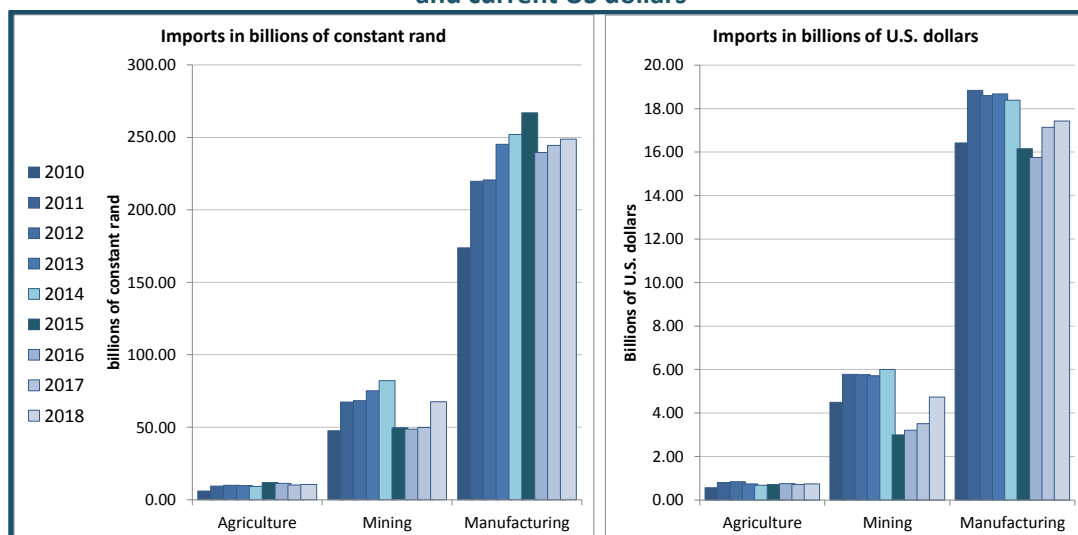
Graph 2. Fourth quarter exports in billions of constant (2018) rand (a) and current US dollars



Note: (a) Deflated with CPI rebased to fourth quarter 2018. Source: SARS monthly trade data.

A fall in manufactured and agricultural imports from the fourth quarter of 2017 to the fourth quarter of 2018 was offset by the rising rand price of petroleum, which constitutes the bulk of South African mining imports. In 2018, South Africa paid R145 billion for crude oil imports plus another R65 billion for refined products. That equalled 17% of all imports, up from 13% in 2016 but much lower than the peak of 23% in 2014. The unit price South Africa paid for petroleum imports in 2018 in constant rand was almost 50% higher than in 2016, although it was still below the rand price from 2012 to 2015. The increase mostly reflected rising dollar prices on the global market.

Graph 3. Third quarter imports in billions of constant (2018) rand (a) and current US dollars



Note: (a) Deflated with CPI rebased to fourth quarter 2018. Source: SARS monthly trade data.

As Table 1 shows, growth in exports in the fourth quarter of 2018 compared to a year earlier was almost entirely due to a surge in the auto industry, which increased foreign sales by R7.7 billion or some 20%.

The rest of manufacturing saw more modest gains, with the exception of clothing and metals, where exports declined. In terms of imports, a R5 billion fall in machinery and appliances followed from slowing investment. Imports of transport equipment climbed R2.6 billion, partially offsetting the growth in exports by the industry.

Table 1. Trade by manufacturing subsectors

Industry	Value (billions)		% change from Q4 2017		Change in millions	
	USD	Rand	USD	Rand	USD	Rand
Exports						
Food and beverages	1.1	16.2	1.0%	1%	12	172
Clothing and footwear	0.5	7.5	-7.7%	-8%	-44	-630
Wood products	0.2	2.2	15%	15%	20	289
Paper and publishing	0.4	6.3	4%	4%	15	237
Chemicals, rubber, plastic	2.0	28.2	3%	3%	51	729
Glass and non-metallic mineral products	0.1	1.8	6%	6%	7	106
Metals and metal products	2.7	39.2	-1%	-1%	-23	-325
Machinery and appliances	2.1	29.8	1%	1%	16	224
Transport equipment	3.2	46.3	20%	20%	541	7 706
Imports						
Food and beverages	0.9	13.0	-1%	-1%	-5.5	-72
Clothing and footwear	1.2	16.7	8%	8%	85.6	1 212
Wood products	0.1	1.4	5%	4.9%	4.6	64
Paper and publishing	0.7	9.8	14%	14%	82.2	1 203
Chemicals, rubber, plastic	3.6	51.4	6%	6%	199.2	2 862
Glass and non-metallic mineral products	0.3	3.9	14%	14%	33.3	471
Metals and metal products	1.1	15.2	6%	6%	63.6	892
Machinery and appliances	5.6	80.0	-6%	-6%	-352.4	-4 993
Transport equipment	3.6	51.2	5%	5%	185.4	2 601

Note: (a) Deflated with CPI rebased to fourth quarter of 2018. Source: SARS monthly trade data.