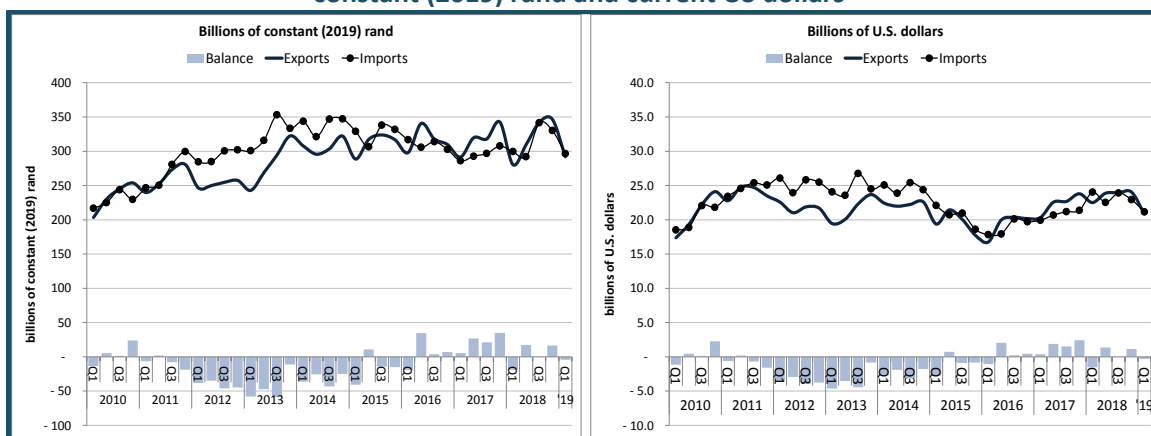


International trade

In constant rand terms, South African exports have barely grown since 2013. In US dollars, they climbed from 2016 to mid-2018, but fell more than 10% in the six months to March 2019. Nonetheless, an even faster decline in imports – due in part to slow growth and in part to fairly low petroleum prices – meant that the balance of payments remained positive for the year, although a deficit emerged in the first quarter of 2019.

Total international trade contracted sharply in the past quarter, although the figures are not seasonally adjusted. Exports dropped 16% in constant rand, while imports fell 10%. A trade deficit of R4 billion was reported in the first quarter of 2019, equal to US\$300 million. In the year to the first quarter 2019, however, exports climbed 4% in rand terms while imports dropped 1%. Exports were up 4% at R292 billion from the last quarter of 2018. For the year to the first quarter, South Africa recorded a modest surplus of R30 billion.

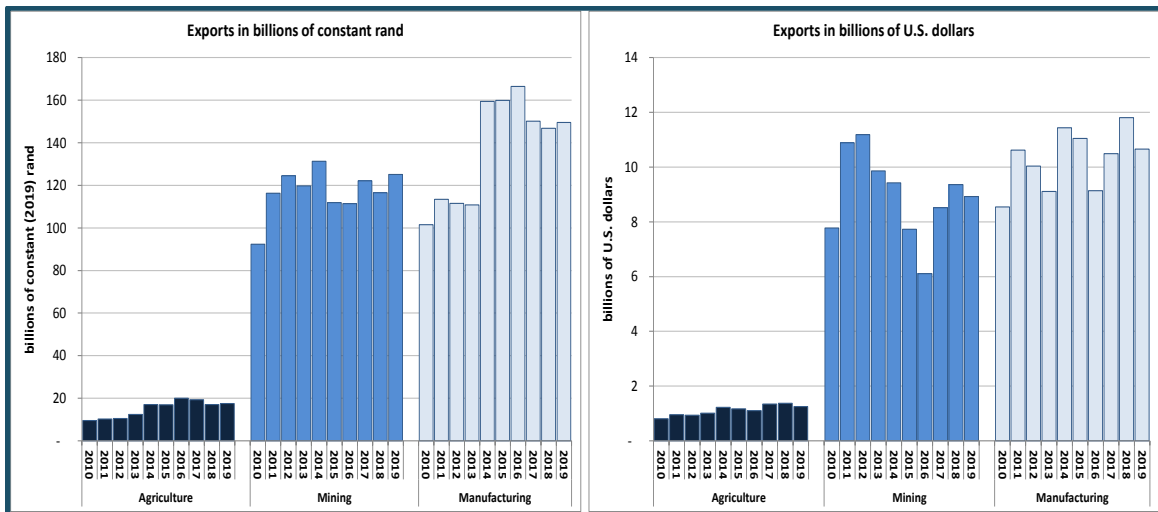
Graph 1: Quarterly exports, imports and balance of trade in billions of constant (2019) rand and current US dollars



Source: South African Reserve Bank (SARS) monthly data

In constant rand, compared to the first quarter of 2018 mining and manufacturing exports improved. The increase was, however, entirely due to depreciation, since both sectors saw a decline in dollar values.

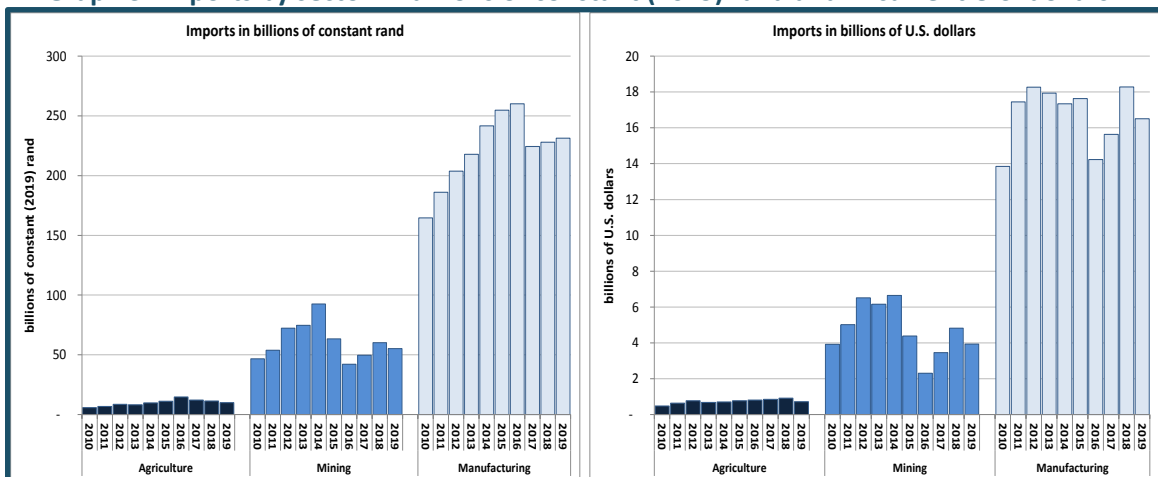
Graph 2: First quarter exports by sector in billions of constant (2019) rand and in current US dollars



Source: SARS monthly data

Mining imports, mostly petroleum, have tended to creep up from 2016 as prices have risen, but they moderated in the year to first quarter 2019 in both dollar and rand terms. Manufactured imports rose slightly in rand, but fell sharply in US dollars

Graph 3: Imports by sector in billions of constant (2019) rand and in current U.S. dollars



Source: SARS monthly data

Transport equipment, metals, machinery and chemicals account for over 80% of manufactured exports. From the first quarter of 2018 to the first quarter of 2019, exports of transport equipment jumped 6% in US dollars and 20% in rand terms. In contrast, metals, machinery and chemicals all fell by between 6% and 15% in dollar terms, although the depreciation of the rand meant that they did not fare as poorly in rand.

Imports are more diverse, with around a third comprising a wide variety of machinery and equipment; almost a quarter transport equipment; and around a fifth various forms of chemicals

and plastics. In dollars, imports of transport equipment climbed 3% from the first quarter of 2018 to the first quarter of 2019, but all other manufactured imports fell. The 13% decline in machinery and equipment was relatively sharp, reflecting the slowdown in investment.

In recent years, South Africa has seen an unexplained increase in imports and exports of paper money, under the heading of publishing. A decline in this activity explains the very sharp fall in trade in this industry in the year to March 2019.

Table 1: Trade by manufacturing subsectors

Industry	Value (billions)		% change from Q1 2018		Change in billions	
	USD	Rand	USD	Rand	USD	Rand
EXPORTS						
Food and beverages	0.9	12.5	-11%	1%	-0.11	0.07
Clothing and footwear	0.4	5.3	-20%	-9%	-0.09	-0.54
Wood products	0.1	1.9	-6%	6%	-0.01	0.10
Paper and publishing	0.2	2.9	-49%	-43%	-0.20	-2.20
Chemicals, rubber, plastic	1.9	25.9	-6%	6%	-0.11	1.55
Glass and non-metallic mineral products	0.1	1.5	-10%	1%	-0.01	0.02
Metals and metal products	2.5	34.9	-15%	-5%	-0.45	-1.74
Machinery and appliances	1.8	24.6	-11%	0%	-0.23	0.00
Transport equipment	2.6	37.0	6%	20%	0.16	6.26
IMPORTS						
Food and beverages	0.8	11.0	-11%	0%	-0.10	0.01
Clothing and footwear	1.2	17.0	-5%	6%	-0.07	0.98
Wood products	0.1	1.5	-4%	7.6%	0.00	0.11
Paper and publishing	0.5	6.7	-29%	-20%	-0.20	-1.70
Chemicals, rubber, plastic	3.1	43.7	-16%	-6%	-0.61	-2.82
Glass and non-metallic mineral products	0.3	3.6	-10%	1%	-0.03	0.04
Metals and metal products	1.1	15.8	-8%	3%	-0.10	0.41
Machinery and appliances	5.2	72.3	-13%	-2%	-0.74	-1.30
Transport equipment	3.9	54.7	3%	16%	0.11	7.51

Source: SARS monthly data