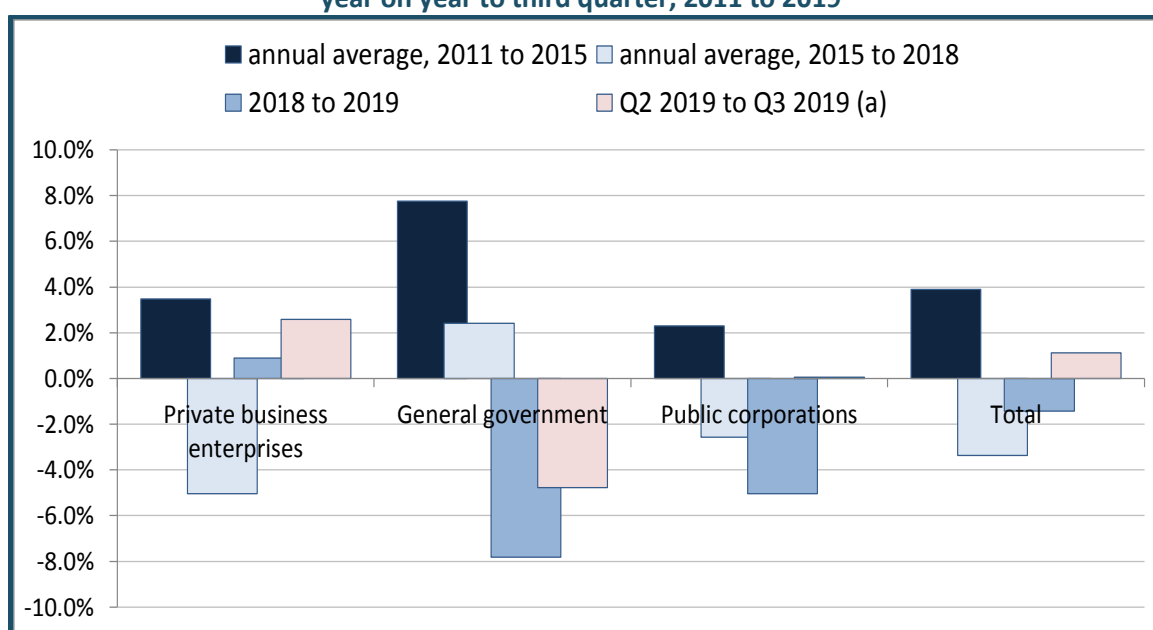


## Investment and profitability

Private investment recovered over the year to September 2019, with a particularly sharp increase in the second to third quarter 2019. This growth reversed a decline over the previous three years. In contrast, both the government and state-owned corporations (SOCs) saw a fall in investment.

Private investment climbed by almost 1% in the year to September 2019, and at an annualised rate of 2.6% in the third quarter alone. While modest for the whole year, the growth reversed the fall in the previous three years. This suggested that the government's efforts to promote private investment had enjoyed at least some initial success. In contrast, public investment, which accounts for around 30% of total investment, fell by 6.5% in the year to September 2019. Government investment alone dropped at annual rate of almost 5% in the third quarter.

**Graph 17. Change in investment by type of organisation, year on year to third quarter, 2011 to 2019**

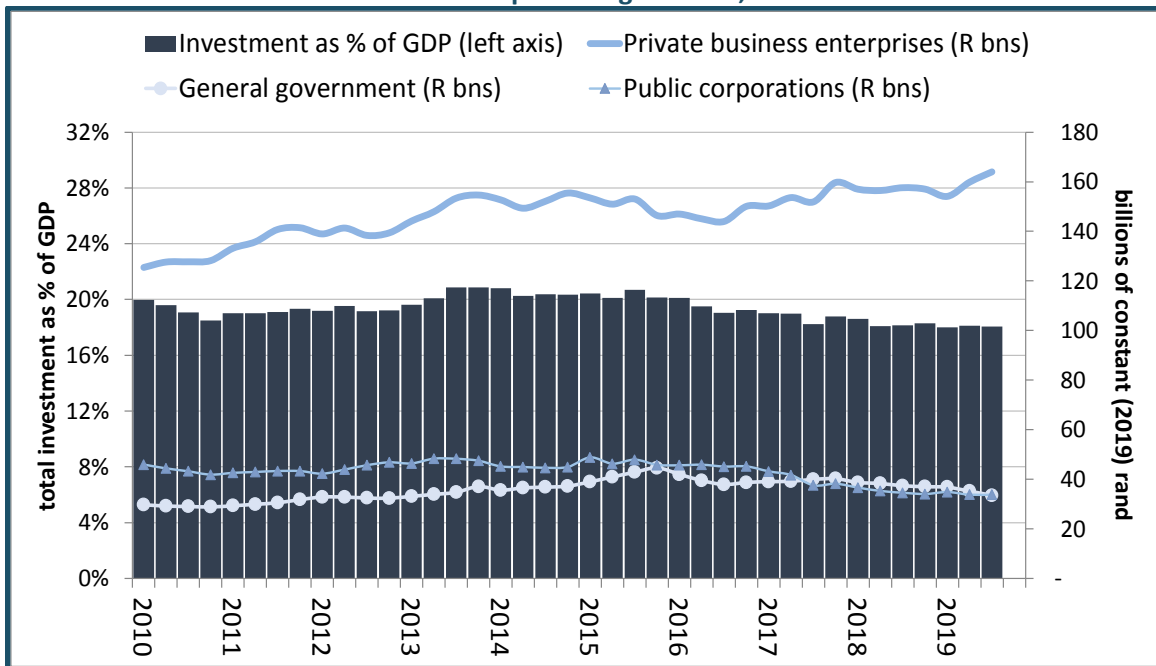


Source: Statistics South Africa (StatsSA) GDP quarterly figures. Excel spreadsheet downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in December 2019. Note: (a) Seasonally adjusted.

As a percentage of GDP, investment has remained relatively unchanged at 18% since mid-2017, after falling from over 20% in 2015.

The stabilisation in the investment rate reflects slow growth in overall investment, mostly due to the decline in capital formation by government and state-owned agencies.

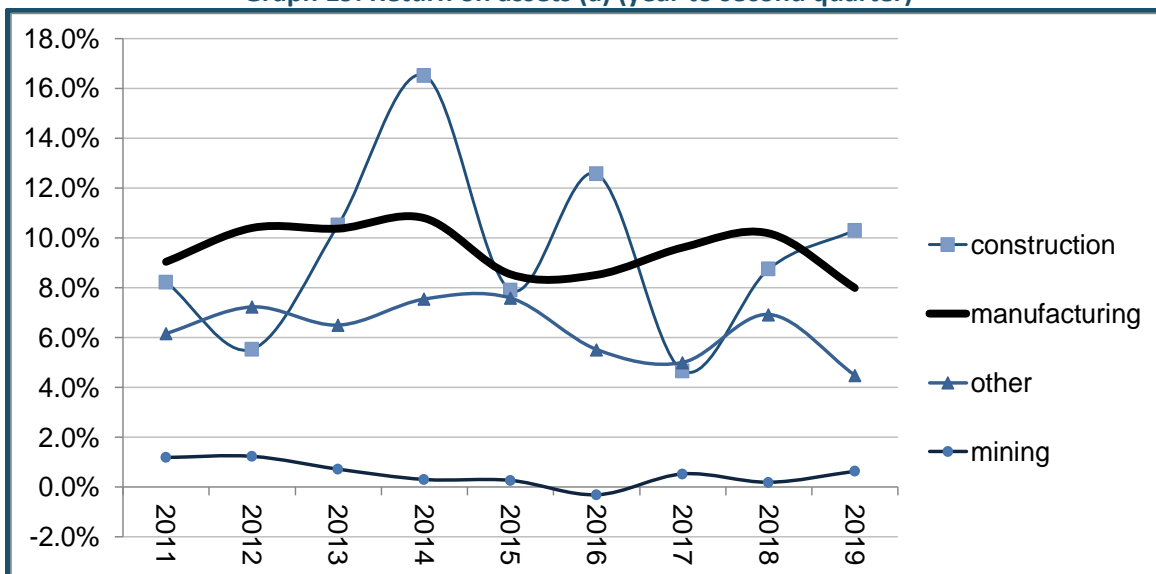
**Graph 18. Quarterly seasonally adjusted investment by type of organisation in constant rand as a percentage of GDP, 2010 to 2019**



Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in December 2019.

The return on investment in manufacturing declined from 10% to 8% in the year to the second quarter 2019 (the latest available data). In contrast, mining and construction both saw a modest improvement in profitability, although construction remained highly volatile. Profitability in the rest of the economy, excluding agriculture, fell from over 6% to 4%.

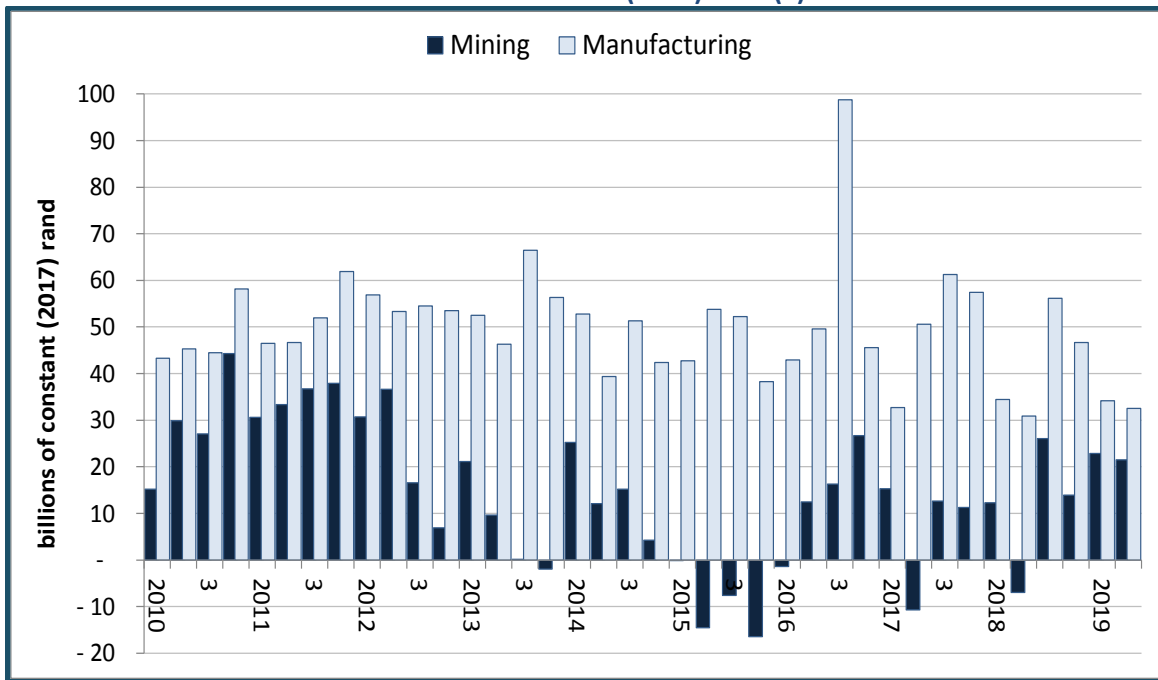
**Graph 19. Return on assets (a) (year to second quarter)**



Note: (a) Net profit or loss before tax as percentage of total assets. Source: StatsSA, Quarterly Financial Statistics.

In constant rand, manufacturing profits fell sharply in the first half of 2019, while mining profits stabilised.

**Graph 20. Quarterly profits in manufacturing and mining in billions of constant (2019) rand (a)**



Note: (a) Deflated with CPI rebased to June 2019. Source: StatsSA, Quarterly Financial Statistics.